

Public Document Pack

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11 October 2021

Cabinet

A meeting of the Cabinet will be held at **10.30 am** on **Tuesday, 19 October 2021** at **County Hall, Chichester, PO19 1RQ**.

Note: In response to the continuing public health measures, there will be limited public access to the meeting. Admission is by ticket only, bookable in advance via: democratic.services@westsussex.gov.uk.

The meeting will be available to watch live via the Internet at this address:

<http://www.westsussex.public-i.tv/core/portal/home>.

Agenda

- 10.30 am 1. **Declarations of Interest**
- Members and officers must declare any pecuniary or personal interest in any business on the agenda. They should also make declarations at any stage such an interest becomes apparent during the meeting. Consideration should be given to leaving the meeting if the nature of the interest warrants it. If in doubt please contact Democratic Services before the meeting.
- 10.35 am 2. **Minutes** (Pages 3 - 6)
- Cabinet Members are asked to agree the minutes of the meeting held on 14 September 2021 (cream paper).
- 10.40 am 3. **Urgent Matters**
- Items not on the agenda which the Chairman of the meeting is of the opinion should be considered as a matter of urgency by reason of special circumstances.
- 10.45 am 4. **Medium Term Financial Strategy and Council Plan 2022/23** (Pages 7 - 22)
- Report by the Director of Finance and Support Services.
- The Chairman of the Performance and Finance Scrutiny Committee will be invited to speak for up to three minutes to

provide the views of the Committee on the Medium Term Financial Strategy and Council Plan report.

Each of the main minority group leaders will be invited to speak for up to three minutes each on the Medium Term Financial Strategy and Council Plan report.

The Cabinet will then discuss the report and any proposals prior to considering the recommendations.

11.25 am 5. **Emerging Issues**

Cabinet Members are invited to provide any verbal updates on current significant issues for their respective portfolios which may benefit from discussion.

11.35 am 6. **Date of Next Meeting**

The next meeting of the Cabinet will be held on 16 November 2021.

To all members of the Cabinet

Webcasting

Please note: this meeting is being filmed for live and subsequent broadcast via the County Council's website on the internet. The images and sound recording may be used for training purposes by the Council.

Generally the public gallery is not filmed. However, by entering the meeting room and using the public seating area you are consenting to being filmed and to the possible use of those images and sound recordings for webcasting and/or training purposes.

Cabinet

14 September 2021 – At a meeting of the Cabinet held at 10.30 am at County Hall, Chichester, PO19 1RQ.

Present: Cllr Marshall (Chairman)

Cllr Crow, Cllr J Dennis, Cllr Hunt ((attended virtually via Teams)), Cllr A Jupp, Cllr N Jupp, Cllr Lanzer, Cllr Russell, Cllr Urquhart, Cllr Waight, Cllr Lord and Cllr Montyn

Apologies were received from Cllr Baxter

Part I

14. Declarations of Interest

14.1 No declarations of interest were made.

15. Minutes

15.1 Resolved – that the minutes of the meeting held on 27 July be approved as a correct record and that they be signed by the Chairman.

16. Performance and Resources Report - Quarter 1 2021/22 (CAB06_21/22)

16.1 Cabinet considered a report by the Director of Finance and Support Services. The report was introduced by Becky Shaw, Chief Executive who outlined this was the first time performance and the budget had been reported in an integrated way, with a series of Key Performance Indicators (KPIs) in the Council plan, all underpinned by the climate change agenda.

16.2 Cllr Jeremy Hunt, Cabinet Member for Finance and Property and Katharine Eberhart, Director of Finance and Support Services advised the budget was still affected by the pandemic and there is uncertainty in terms of demand, inflation, council tax collection forecasts and national insurance. Further detail is awaited from government. The overspend of £3.775m is being addressed and the bulk of this has come from the Children and Young People and Learning and Skills portfolios.

16.3 Cllr Pieter Montyn, Chairman of Performance and Finance Scrutiny Committee advised that the committee scrutinised the Q1 Performance and Resources report at its most recent meeting and raised a number of largely presentational points for clarity. The Committee requested each Scrutiny Committee review the specific performance issues relating to the priority of keeping people safe from vulnerable situations. Comments were also made regarding the delivery of savings, workforce and future working arrangements and the healthy life expectancy KPIs for men and women.

- 16.4 Cllr Kirsty Lord, Leader of the Liberal Democrat Group felt that the KPIs on healthy life expectancy, which were different for men and women, should be reconsidered in light of the council's Diversity and Inclusion Policy. She highlighted the work required to keep residents safe and the worsening targets in adults' services and hoped to see a reversal of this. Cllr Lord welcomed the KPI on the percentage attainment gap of disadvantaged and non-disadvantaged pupils but was disappointed there are no actions to reduce this gap.
- 16.5 Regarding the healthy life expectancy KPIs, Cllr Bob Lanzer, Cabinet Member for Public Health and Wellbeing outlined that the data was from the latest Office for National Statistics 2017-2019 figures and there is evidence the pandemic could reduce life expectancies further. The council works hard to reduce inequalities in the health system, however some drivers cannot be controlled and targets need to be realistic.
- 16.6 Cabinet Members gave updates on their respective portfolios in relation to the Quarter 1 Performance and Resources Report including the following:
- Cllr Duncan Crow, Cabinet Member for Fire and Rescue and Communities advised libraries had reopened and Worthing Library had been refurbished. He advised the Fire and Rescue Service action plan continued to deliver improvements. There is a small projected overspend due to higher than expected demand on the Fire and Rescue Service during the pandemic.
 - Cllr Joy Dennis, Cabinet Member for Highways and Transport advised there had been reduced services owing to the pandemic and most savings were on track to be delivered. The lack of Heavy Goods Vehicle drivers could become an issue for contractors and this is being watched closely. The Ash Dieback contract is out for procurement and a backlog of repairs is being addressed.
 - Cllr Amanda Jupp, Cabinet Member for Adults and Health advised the service is projecting a balanced budget however the demand for care is rising to pre-COVID-19 levels and work is in progress to develop KPIs where targets were falling.
 - Cllr Nigel Jupp, Cabinet Member for Learning and Skills advised pressures are increasing due to the number of children with Education and Health Care Plans (EHCPs) and the subsequent impact on home to school transport. Results for GCSEs and A Levels had shown a good increase and testing and return to school had gone well.
 - Cllr Bob Lanzer, Cabinet Member for Public Health and Wellbeing commented on work with NHS partners on the vaccination programme and work to encourage a greater take-up of the Flu vaccine.
 - Cllr Jacquie Russell, Cabinet Member for Children and Young People outlined the key areas where overspend is occurring and highlighted the work ongoing to mitigate this, such as the reopening of in-house children homes, of which 3 had been

Ofsted rated outstanding, fostering initiatives and management oversight.

- Cllr Deborah Urquhart, Cabinet Member for Environment and Climate Change advised that, through working from home, emissions had been reduced by 12%. Savings had been made in the reduction of waste tonnage and underspend of corporate utility and that solar farms were providing additional income. The shortage of HGV drivers is increasing the cost of transporting waste and fuel prices are increasing.
- Cllr Steve Waight, Cabinet Member for Support Services and Economic Development advised a complex piece of work to move from one business management operating system to another is underway, as is the insourcing and re-procurement of IT services.
- The Leader outlined the investment in local economy through the Experience West Sussex and Crawley Growth Programme initiatives. Broadband connectivity and research innovation were key drivers in helping the economy to re-establish.

16.7 Cllr Hunt summarised the Quarter 1 discussion and highlighted again the key challenges ahead and work ongoing to reduce pressures. Scrutiny Committees are invited to continue to help Cabinet look at performance and to help reduce demand. The Leader added that the pandemic had redirected the Council's priorities and that some costs may become business as usual.

16.8 Resolved – that Cabinet:

1. Notes the information contained in the Q1 Performance and Resources Report in Annexe A
2. Agrees the proposed changes to the Key Performance Indicator measures detailed in Annexe C.

17. Emerging Issues

17.1 Cllr A Jupp outlined the recent announcement of the Changing Futures Social Care funding announced by government, and that further details were awaited on what this would mean for West Sussex.

17.2 Cllr Crow updated on WSCC's support to the government's 'Operation Warm Welcome', which sought to ensure that Afghan arrivals get support they need to integrate into communities. WSCC officers had been working hard to facilitate Afghan arrivals, working with district and borough councils and other partners on bridging arrangements and the sourcing of longer-term housing.

17.3 Cllr Waight advised a 12 week consultation period by Gatwick Airport Limited on the use of its second runway had commenced.

18. Date of Next Meeting

18.1 The next meeting of the Cabinet will be held on 19 October 2021.

Agenda Item 2

The meeting ended at 12.04 pm

Chairman

**Key decision: No
Unrestricted
Ref: N/a**

Report to Cabinet

October 2021

Medium Term Financial Strategy and Council Plan

Report by Director of Finance and Support Services

Electoral division(s): All

Summary

To provide an update on the Medium Term Financial Strategy to reflect government announcements, the current economic environment and to confirm the existing priority outcomes of Our Council Plan as the basis for future planning.

Recommendations

- (1) To note the latest update to the Medium Term Financial Strategy
 - (2) To agree the existing priority outcomes and underpinning theme of Our Council Plan remain unchanged as the basis for planning 2022/23 and beyond.
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Proposal

1 Our Council Plan

1.1 [Our Council Plan - West Sussex County Council](#), approved by Members in February 2021, established an integrated business and financial planning cycle that is based on a good understanding of the local evidence base, the national and local policy context, a comprehensive understanding of the financial position (revenue and capital) and the service challenges in meeting the needs of residents, businesses and communities. Our Council Plan, underpinned by the cross cutting theme of tackling climate change, sets out four priorities:

- **Keeping people safe from vulnerable situations;**
- **a sustainable and prosperous economy;**
- **helping people and communities fulfil their potential and making the best use of resources**

1.2 In order to ensure that the outcomes and priorities in Our Council Plan - West Sussex County Council remain relevant and appropriate as we move forward into a new planning cycle it is important to keep them under regular review. This review has taken place for the forthcoming cycle and it is recommended

that the existing priorities and outcomes remain relevant and appropriate in the new post-Covid context that West Sussex County Council is operating. We will review the KPIs as services refresh what is being delivered during 2021/2022 – and should changes be required we will update Our Council Plan.

2 National and Local Context

- 2.1 In March 2021 the Office for Budget Responsibility (OBR) published its overview of the country's economic and fiscal outlook. The figures show that **GDP** fell 9.9 per cent in 2020, the largest decline in the G7. It is anticipated that the easing of restrictions should permit a rebound in consumption and output through the year, partially supported by the release of extra savings built up by households during the pandemic.
- 2.2 The OBR still predict unemployment will rise by a further 500,000 to a peak of 6.5 per cent at the end of 2021, but the peak is around 340,000 less than the 7.5 per cent originally forecast in November 2020, thanks partly to the extension of the furlough scheme.
- 2.3 It remains unclear what the longer term implications will be arising from staff shortages in some industries, for example in terms of pay inflation or supply falling behind demand, both of which could directly impact upon social care.
- 2.4 **Price inflation** is also a cause for concern, partly due to the continuing impact on the economy of pandemic and Brexit but also due to the crisis that is emerging in the energy markets. Gas and electricity prices are expected to rise sharply and with August inflation at 3.2%, higher than the government's target of 2%, revised OBR forecasts are eagerly awaited at the end of October. The increase in employer's payroll costs for the new national insurance contributions and minimum wage may also lead to further price increases.
- 2.5 The most recent information provided by the Government concerns the **Building Back Better: Our Plan for Health and Social Care**, which was published on 7th September 2021. This will have far reaching implications for adult social care as well as for local government funding and financial planning. The potential implications on the provision of Adult Social Care services are not clear and further information is expected to be published in a White Paper.
- 2.6 It is hoped that the **Autumn Budget and Spending Review 2021**, announced by the Government for the 27th October 2021, will provide further clarity around local government funding, including the recent social care announcement and an update on the timeframe for implementing the business rates and fair funding review. We are anticipating a multi-year spending review which will provide some certainty for government departments to plan.
- 2.7 Core Funding from Government (**Settlement Funding Assessment**) will not be confirmed until mid-December. The Spending Review on 27th October will provide a steer on local government funding and whether it will be a one year or three year finance settlement.
- 2.8 As with the national picture, the **local economy** is still recovering from the impact of the pandemic and Brexit. Businesses have been hard hit, residents have lost their jobs and livelihoods, and the implications of the aviation industry crisis on Gatwick airport has had a significant impact. As the furlough scheme

comes to an end we will better understand the impact on local businesses and residents and future demand for our services. We will continue to liaise with our District and Boroughs to understand how this may impact on council tax and business rates income.

- 2.9 The UK will host the 26th UN Climate Change Conference of the Parties (COP26) in Glasgow in November 2021. The climate talks will bring together heads of state, climate experts and campaigners to agree coordinated action to tackle climate change. There is a clear acknowledgement that local government plays a leading role in accelerating the shift towards achieving net zero carbon and that councils are well placed to support Government to meet its net zero carbon ambitions by 2050. It has been confirmed that there will be a dedicated local government day at COP26. The resources required to support the implementation of our Climate Change Strategy will be considered as the budget develops.
- 2.10 The on-going implications of the **pandemic** will continue to be considered in the build of the budget. Government has made no promises for further funding for the costs arising from the pandemic. In September 2021 the government published the Covid-19 Response – Autumn and Winter Plan 2021. The publication outlines the government’s plan to steer the country through autumn and winter 2021/22.
- 2.11 The Covid-19 pandemic has had far-reaching impacts on society. For the foreseeable future, Government policy will be focused on addressing these impacts and ensuring the recovery of the nation’s economy, and wider society. Central to this will be the **levelling-up agenda**, through which the Government aims to level up opportunity across the country and address regional disparities. In the recently undertaken Cabinet reshuffle, defining and delivering the levelling up agenda was a key focus. Michael Gove was appointed the new Secretary of State (replacing Robert Jenrick) at the former Ministry for Housing, Communities and Local Government. The Secretary of State’s remit is wider than his predecessor, being responsible for driving cross-Whitehall efforts to deliver improvements in every part of the UK, as well as taking responsibility for UK governance (including devolution) and elections. In recognition of the Ministry’s expanded role, it has been renamed the Department for Levelling Up, Housing and Communities.
- 2.12 The Leader and Cabinet continue to **lobby** government through engaging regularly with West Sussex MPs and bodies such as the South East 7 and County Council Network (CCN), to seek their support in raising matters of concern with Government. The Chief Executive and senior officers continue to use professional channels at official level to influence policy development.

3 Medium Term Financial Strategy (MTFS)

- 3.1 The Medium Term Financial Strategy (MTFS) underpins the development of the budget proposals submitted to the Full Council for approval in February each year. The MTFS looks at the financial outlook for the next four years, with a particular focus upon the next financial year, recognising that the level of uncertainty about funding and expenditure issues increases with time. This section of the report sets out the current position, including details of the budget gap ahead of 2022/23 and the factors that are impacting further financial planning, whether local or national, ahead of proposing a balanced budget in February 2022.

3.2 The MTFS is developed upon a foundation of **broad budget principles** which are used to set the priorities from a financially prudent perspective:

- The budget will support the priorities of the Our Council plan and reflect the need for comprehensive service improvement and redesign over the medium term.
- The council’s financial planning for revenue and capital will cover a period of at least four years.
- The budget will be sustainable in future years.
- There will not be an on-going reliance on reserves.
- Any use of reserves to balance the budget will be repaid.
- Estimates will be used for pay and price inflation.
- Demographic pressure will be reflected in the budget.
- Any future loss of specific government grant will result in the stopping of expenditure on outcomes previously financed by the grant.
- The budget process will seek to ensure the council is providing value for money, increased productivity and is clear about return on investment.

3.3 Throughout the last few months, the key assumptions underpinning the 2022/23 MTFS have been kept under review. Table 1 below outlines the basis of the key funding streams and also the inflationary assumptions for pay and price increases:

Table 1 – key assumptions underpinning the review of the MTFS

Key Assumption	Financial Implications
Government funding will be the same as in 2021/22	That there will not be additional unfunded financial burdens placed upon local government.
Fairer Funding – Settlement Funding Assessment	Changes resulting from the implementation of changes to the distribution methodology move from 2022/23 to 2023/24.
Covid-19	Assumes existing grant funding will provide the necessary cost resilience.
Council Tax	That the current cap on increases in council tax (1.99%) will be maintained across the years of the MTFS.
Collection Fund	Any future deficits will be funded through the Budget Management Reserve.
Taxbase	That the number of households will grow by 0.5% in 2022/23 and by 1% for 2023/24 onwards
Business Rates	No growth applied - inflationary increase based upon September 2021 inflation indexes.

Social Care Funding Grant	That this will be maintained at the 2021/22 level £18.2 million.
Financial Implications of Our Plan for Health and Social Care	<p>It is assumed that further costs associated with implementing the process changes and financing additional costs will be met by government funding.</p> <p>The employers NI contributions increase of 1.25% will be matched by government funding.</p>
Pay and Price Inflation	<p>Pay will increase by approximately 2% across the years of the MTFS.</p> <p>Employers pension contributions will be reduced by a further 1% in 2022/23.</p> <p>Goods and services, subject to affordability, will increase in line with September inflation indexes. Currently August figures are applied for 2022/23 - 4.8% RPI/3.2% CPI. For 2023/24 onwards, the latest OBR forecasts have been applied.</p>

- 3.4 The MTFS has been refreshed to reflect the assumptions outlined above but also to reflect updated information in relation to anticipated levels of growth, for example increased demand arising from demographic or other changes, income sources, such as service fees and charges, and savings as published at February County Council.
- 3.5 All authorities are required by statute to set a balanced budget each financial year, consequently any budget gap between the available funding and the proposed level of expenditure needs to be bridged.
- 3.6 The budget gap for the years of the 2022/23 MTFS is set out in Table 2 below. This shows a total gap before savings of £71.5 million, which is an increase of £17.6 million when compared to the total gap of £53.9 million presented to the County Council in February. The increase reflects changes to assumptions for funding streams and service pressures, plus the inclusion of the 2025/26 financial year:

Table 2 – Budget Gap for the years of the 2022/23 MTFS

	22/23 £m	23/24 £m	24/25 £m	25/26 £m
Council tax	522.2	537.9	554.0	570.7
Settlement Funding Assessment	87.2	69.3	71.2	73.1
Social Care funding	18.2	18.2	18.2	18.2
New Homes Bonus	0.7	0.0	0.0	0.0
Funding	628.3	625.4	643.4	662.0
Opening expenditure	602.6	628.3	625.4	643.4
Inflation	17.5	10.7	12.9	12.9
Corporate adjustments	0.4	4.0	2.9	2.9
Revised expenditure	620.5	643.0	641.2	659.2
Budget surplus-/+gap	-7.8	17.6	-2.2	-2.8
Additional pressures	20.8	14.6	15.1	16.1
Budget surplus-/+gap including pressures	13.0	32.2	13.0	13.3
Estimate of savings being offered (see appendix A)	-10.5	-2.9	-3.2	0.0
Budget surplus-/+gap net of savings	2.5	29.3	9.7	13.3

Total MTFS budget gap:	£m
Before savings	71.5
Net of savings	54.8

Note: numbers have been rounded within Table 2

- 3.7 For 2022/23, table 2 highlights that changes to funding streams and allowances for inflation and corporate items such as financing of the capital programme, give rise to a budget surplus of £7.8 million. However, additional service pressures of £20.8 million offset in part by £10.5 million of savings, result in an unbalanced budget and a budget gap of £2.5 million at this point in time.
- 3.8 The 2022/23 budget gap previously reported at February County Council showed a budget gap of £35.8 million. The movement to the current position is as follows:

Table 3 – movement in budget gap:

	£m
2022/23 Budget gap as at February County Council	35.8
Council tax base revised from 1.0% to 0.5%	2.6
Fair Funding and Business Rate Review delayed to 2023/24	-18.2
Anticipated s31 grant from indexation	-5.4
Changes to specific government grants	-1.5
Collection fund deferred deficit updated for actual and funded from reserve	-6.7
Pay and price inflation – updated to reflect current levels	8.5
Removal of annual contribution to reserves	-8.0
Corporate and demand changes	5.9
Budget gap before savings	13.0
Previously highlighted savings (table 2)	-10.5
Current Budget gap	2.5

3.9 The assumptions in support of this position carry a significant level of uncertainty, particularly in the following areas:

- Core Funding from Government (Settlement Funding Assessment) will not be confirmed until mid-December. The Spending Review on 27th October will provide a steer on local government funding and whether it will be a one year or three year finance settlement.
- Confirmation of the council tax referendum limits for 2022/23 - an increase of 1.99% has been assumed, which will generate an additional £10.2 million in council tax income (£5.1 million for every 1% increase or reduction).
- Anticipated income from changes to the council tax base and business rates will not be finalised by districts and boroughs until late in January. A prudent approach has been taken for both with 0.5% increase applied for the council tax base (£0.5 million for 0.1% increase or decrease). Business rates have been increased for inflation only, no growth has been assumed.
- Collection Fund balances- at the time of the budget build for 2021/22 there was an anticipated deficit on the collection fund of £20.0 million. In line with government guidance the repayment of this deficit was spread over three years costing £6.7 million a year. The final deficit figures submitted by the districts and boroughs resulted in a deficit of £5.4 million or £1.8 million a year. The excess provision for the deficit in the 2021/22 budget will be set aside to pay for payment of the following two years deficit payment.
- The impact on council tax income due to numbers in receipt of council tax reduction relief remains uncertain and further shortfalls relating to 2021/22 will not be known until after year end. Likewise, the final impact on business rate income will not be known for a number of years as the business rates appeals process allows retrospective claims. We will continue to liaise with our District and Boroughs to understand how this may impact on council tax and business rates income.
- Pay inflation - there has yet to be confirmation of the pay award for 2021/22 and although 2% has been assumed for 2022/23 this may not be sufficient.

Agenda Item 4

We also await any announcements in the Spending Review on public sector pay restraints.

- Price inflation will be subject to the September inflation release and OBR forecast at the end of October as well as affordability.

- 3.10 Whilst a prudent approach is taken when applying assumptions to the MTFs, the 2022/23 gap at £2.5 million, is conceivably on the optimistic side. With the key funding sources subject to confirmation over the coming months, the position will change. For example, a 25% reduction in the grant funding available for social care, could add a further £4.5 million to the gap. Additionally, with inflation currently running higher than the government's 2% target, this could further exacerbate the gap through increased payroll and contract costs i.e. a 1% additional pay award would add a further £2.3 million to the shortfall and a 1% increase in inflation will add about £3m.
- 3.11 Whilst we await further details on the 2021 Comprehensive Spending Review and also further announcements on the Building Back Better: Our Plan for Health and Social Care, the funding and demand assumptions along with options to balance the 2022/23 budget, will be kept under continuous review.

4 Revenue Growth Pressures

- 4.1 The current budget position, as outlined in the previous section, includes provision for service pressures totalling £20.8 million:

Table 4: Service pressures

	£m
Adults' services	2.5
Children & Young People	8.2
Community Support, Fire & Rescue	1.9
Learning & Skills	4.3
Highways & Transport	2.6
All other services	1.3
Total	20.8

- 4.2 In particular Children's Services and Adult Social Care are experiencing challenges that are being felt nationwide and contribute to the broader context of the risks being managed within the MTFs. Further detail is provided below to demonstrate the local context of these challenges.
- 4.3 **Children's Services** - At the heart of the improvement journey within Children's Services is the development and implementation of a Family Safeguarding model of social work practice and the second phase of the Fostering Service development. Both are intended to significantly improve the effectiveness and quality of services to vulnerable children and families, whilst also deliver financial savings from 2023/24.
- 4.4 The Family Safeguarding model is designed to improve the main statutory children's social work services for vulnerable children, support the cultural shift within Children's Services to provide effective services that also manages demand, and therefore improves outcomes and controls cost. Funding for the

introduction of the model will come from a combination of existing council funding (currently included within the Children's Services base budget) and a further £4.23m of grant funding from the Department for Education to support the model's wider application. The model will lead to future efficiencies in two key areas:

- Placement cost - a reduction in the number of children and young people that we bring into care. For those that do come into care there will be a reduction in the average number of days they are required to be in care.
- Staffing cost - a reduction in the overall number of children who are the subject of a child protection plan and reduction in the number of children that require allocation to a qualified social worker.

- 4.5 Phase 2 of the Fostering Service review will highlight how the service will increase in-house capacity and reduce reliance on placements with Independent Fostering Agencies (IFA) at higher cost. The project will deliver an enhanced fostering offer and increase sufficiency within the service to recruit, assess and support in-house foster carers and therefore reduce the demand for IFA and external residential placements. The review will also ensure that the County Council pays its foster carers the going rate and have an adequate payments scheme, providing improved advertising and recruitment process and improved fostering support.
- 4.6 **Adult Social Care** - Demographic changes are continuing to have an impact on demand for adult social care in West Sussex for both older people and for those with learning disabilities. During 2021/22 there has been a significant increase in demand for older people services as pandemic restrictions have been lifted and the numbers of people leaving hospital needing support has also risen. The numbers of providers withdrawing from the market has increased and care costs have risen as a consequence of reduced supply. There is uncertainty about whether the current pressures are the short term consequence of the pandemic or a potentially longer term future trend.
- 4.7 The uncertainty around the implications for the adult social care market and the associated need for social work capacity, arising from the Covid-19 pandemic, the announcement of the Government's plan for Adult Social Care (Build Back Better) and difficulties in recruiting care staff, mean that budgetary pressures on Adult Social Care will need to be kept under review.
- 4.8 In previous years, the Improved Better Care Fund (iBCF) has been utilised to respond flexibly to uncertainty from year to year, going forwards there is an opportunity to utilise the iBCF resources in a more strategic way across the duration of the MTFs. The pressures for Adult Social Care reflected within Table 3 above (£2.5 million) reflect one approach, but final decisions will depend upon the outcome of further work to clarify the factors impacting demand and cost of adult social care in 2022/23. This work will inform and be reflected within the Adult Social Care Strategy for West Sussex which is currently under development.
- 4.9 In addition to the pressures in Children's Services and Adult Social Care, there are pressures across other services. Within Learning and Skills portfolio, there is growing demand pressure on the SEND Home to School transport budgets, driven by increasing levels of children with an Education and Health Care Plan (EHCP). Highways and Transport has seen increased demand as a result of the highway network growing over recent years and increasing numbers of defects

being recorded. There is also a requirement for additional firefighters to deliver our responsibility to meet Fire and Rescue risks identified as part of the Community Risk Management Plan (CRMP).

5 Capital Programme

5.1 The current approved capital programme covering 2021/22 to 2025/26 is:

"In Flight" programme	£326.3 million
Approved "Pipeline"	£356.8 million
Total	£683.1 million

5.2 The current £683.1 million programme is financed predominantly through borrowing, grants and external funding as detailed in table 5 below:

Table 5: Capital Programme Financing

	£m
Core Borrowing	241.5
Economic Development Borrowing	117.5
Government Grant	199.6
External Contributions including S106	82.1
Capital Receipts	16.2
Revenue Contributions to Capital Outlay	26.2
Total	683.1

5.3 Additional capital requirements over the 5 year programme will be considered in the Autumn, with the main areas of focus being schools, highways and climate change. New demand on the programme can be met either from increasing borrowing or through reprioritising existing approved Pipeline projects. Any additional borrowing increases financing costs putting further pressure on the revenue budget. Every £50 million additional borrowing equates to an estimated £2.0 million additional revenue cost per annum.

6 Consultation, engagement and advice

6.1 Consultation about specific budget proposals will be undertaken once full appraisal has been completed.

Table 6: Autumn / Winter Timeline

Date	Meeting	Activity
19 th October	Cabinet	Review MTFs and budget gap/savings
27th October		Autumn Budget and Spending Review 2021
3 rd November	Member Day	Budget – financial position, challenges, pressures, savings required
November/December	Scrutiny Committees	Pre-decision scrutiny of savings
November/December	Cabinet	Updates to Cabinet as required
Mid December		Provisional Local Government Settlement

11 th January	Cabinet Briefing	Review Budget papers for Member Day/Scrutiny Session
25 th January	Member Day/Informal Scrutiny session	Budget - Summary/overview
31 st January	Performance and Finance Scrutiny Committee	Same papers as Cabinet on 1 Feb, as well as feedback from Member Day/Scrutiny Session on 25 Jan
1 st February	Cabinet	Endorsement by Cabinet
18 th February	County Council	Approval by Council

7 Finance

7.1 The financial implications are included within the body of the report above.

Katharine Eberhart

Director of Finance and Support Services

Contact Officer: Alistair Rush, Interim Deputy Director of Finance,
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Appendices

Appendix A – 2022/23 Savings

Background papers

None

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2022/23 Savings

Activity	2022/23 £000s	Description
Adults Services: (under review)		
Review of Lifelong services day services	2,240	The County Council has a clear strategic intent to reduce dependence on building based day services for people with learning disabilities and to ensure that people, wherever possible, are able to access local community provision. There is a renewed focus on enabling independence and increasing employment opportunities. There is an intention to significantly reduce the spend on building based services to create the savings. This will be phased in part due to the reduced use of day provision during Covid-19 and the emergence of new ways of offering support, the opportunities afforded by the re-procurement of services at the end of the current contract in March 2022 and continued development of the Council provided day services. Initial discussions have been held with contracted day services about a new model and there will be further consultation with all stakeholders including customers and family carers.
Non-residential customers to remain at home with reduced package	2,610	An additional 1600 people to benefit from reablement prior to receiving long-term care. The service is proven to deliver better care outcomes. The outcome is expected to be average reductions in care packages that will fund both the increase in investment and produce a net saving.
Redirecting residential customers to home-based care	2,020	Around 670 older people enter residential care per year, excluding nursing placements. Through the promotion of independence, the aim is to reduce that total by around 450, which is in line with best practice.
sub-total	6,870	
Children and Young People:		
National House Project	750	<p>The National House Project is a social enterprise built with young people leaving care, providing sustainable homes and a community of support that enables young people to have confidence in themselves and their future.</p> <p>The cost of accommodation for young people represents one of the highest challenges to local authority budgets. National House Projects deliver improved outcomes for young people at lower costs and reduces demand on wider local authority and partner agency budgets with fewer tenancy breakdowns, improved emotional, physical and mental health and less contact with criminal justice services.</p> <p>Savings of up to £0.2m per annum could be achieved for every residential placement avoided, meaning maximum savings potential of £2m per annum based on a cohort of 10 young people. However, in reality not all young people will be stepped down from residential placements, but potentially foster placements which cost less.</p>

<p>In-house residential programme – reduced independent placement costs</p>	<p>100</p>	<p>The focus of phase 1 of this proposal is the reopening of the 3 closed homes (Cissbury Lodge, May House and Seaside) in order to both increase capacity and create more appropriate, safe and high-quality provision in response to demand. This will avoid cost in external agency residential placements, particularly high-cost out of county placements, through better meeting the needs of more complex children in county.</p> <p>Phase 2 will focus on investing in the 3 open homes (Orchard House, High Trees and Teasel Close) in order to resolve critical issues with the sites and close the gap between good and outstanding care.</p>
<p>Improved commissioning for children’s social care service: - 16+ step down from residential - 16+ recommissioning - U16 step down to fostering</p>	<p>500 100 500</p>	<p>This proposal includes a number of initiatives that will look to step down young people from a residential care into an alternative setting, increase market capacity to effect a change from spot purchasing to increased block contracting, reduce the excessive costs of the most expensive residential placements, and ensure any additional costs are closely monitored to ensure good outcomes and best use of resources.</p>
<p>Early help restructure</p>	<p>200</p>	<p>Redesign of the service to deliver a more targeted Early Help offer, focussed towards supporting the most vulnerable children and families.</p>
<p>sub-total</p>	<p>2,150</p>	
<p>Support Services & Economic Development:</p>		
<p>IT service redesign</p>	<p>250</p>	<p>The current contract for IT services concludes at the end of September 2022 and work has demonstrated that there are benefits to the council of moving to a new provision model at an earlier date.</p>
<p>Public Health – use of uncommitted Public Health Grant/other changes within existing contracts</p>	<p>88</p>	<p>This savings has two elements. (1) Decommissioning of the Help at Home Contract. This has provided a subsidised home support service, but has been used by significantly fewer people during the Covid-19 pandemic and does not align with the County Council's current model of community led support for adult social care. There will be a tapered withdrawal of the service accompanied by ongoing assessment of service user needs and integration with community support. (2) A reduction of £0.1m in the Wellbeing Programme. This will focus on activity that has been disrupted due to Covid-19 and the options created as a result. This relates to year 2 of the saving.</p>
<p>sub-total</p>	<p>338</p>	

Environment and Climate Change:		
Reduction in MBT Insurance	650	Reduction in the Insurance Premium for the MBT facility at Warnham.
Income re waste (new)	300	Currently the amount of recycling material that we are seeing through the Materials Recovery Facility has increased significantly over the last 18 months. As a result of this the value of WSCC's share of income received from the sale of that material has also increased.
sub-total	950	
Learning and Skills:		
Increase in Council's top slice of Early Years DSG to compensate for lost Central DSG grant funding used for wider benefit of children and young people	225	<p>To compensate for the continued reduction of DSG grant for the Central Services Schools block used to fund support to the MASH, Early Help services and Education Area Inclusion and Improvement Boards the council could increase the total funds to be topsliced from the DSG Early Years block. Under the Early Years funding regulations 95% of the Early Years funding for 3 and 4 year olds must be passed through to Early Years providers, but the remaining 5% can be topsliced by the County Council towards the overheads incurred in running the service. Since we are currently only topslicing 4% of this budget, we can under the national regulations look to increase our share by a further 1% (£0.450m).</p> <p>The proposed increase in the County Council's centrally retained element equates to 5p per pupil on the hourly rate paid to Early Years providers. This will be phased in over 2021/22 and 2022/23. The DSG funding rates paid to the County Council are set to increase by 8p per hour for 2 year olds and 6p per hour for 3 and 4 year olds in 2021/22.</p>
sub-total	225	
Overall total	10,533	

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