

Public Document Pack

Becky Shaw
Chief Executive

If calling please ask for:

Natalie Jones-Punch on 033 022 25098
Email: natalie.jones-punch@westsussex.gov.uk

www.westsussex.gov.uk

County Hall
Chichester
West Sussex
PO19 1RQ
Switchboard
Tel no (01243) 777100



17 July 2023

Cabinet

A meeting of the Cabinet will be held at **10.30 am** on **Tuesday, 25 July 2023** at **County Hall, Chichester, PO19 1RQ**.

Becky Shaw
Chief Executive

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 5 - 10)
- Cabinet Members are asked to agree the minutes of the meeting held on 20 June 2023 (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. **Update on Council Plan and Medium Term Financial Strategy** (Pages 11 - 50)
- Report by the Director of Finance and Support Services and Director of Law and Assurance.
- Each of the Scrutiny Chairmen will be invited to speak for up to three minutes on the report.
- Each of the Minority Group Leaders will be invited to speak for up to three minutes on the Update on Council Plan and Medium Term Financial Strategy.
- The Cabinet will then discuss the report.
- 11.30 am 5. **West Sussex Digital Infrastructure Strategy 2023-2030 (CAB04_23/24)** (Pages 51 - 66)
- Report by the Director of Place 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 their committee on the Digital Infrastructure Strategy.
- Each of the Minority Group Leaders will be invited to speak for up to three minutes on the Digital Infrastructure Strategy.
- The Cabinet will discuss the report prior to taking any decision.
- 11.55 am 6. **Emerging Issues**
- Cabinet Members are invited to provide any verbal updates on current significant issues for their respective portfolios which may benefit from discussion.
- 12.05 pm 7. **Date of Next Meeting**
- The next meeting of the Cabinet will be held on 12 September 2023.

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.

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Cabinet

20 June 2023 – 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, Cllr A Jupp, Cllr Lanzer, Cllr Russell, Cllr Urquhart and Cllr Waight

Also in attendance: Cllr Boram, Cllr Linehan and Cllr Montyn

Part I

1. Declarations of Interest

1.1 In accordance with the code of conduct Cllr Bob Lanzer declared a personal interest as a member of Crawley Borough Council in relation to item 7, The Sussex Shared Delivery Plan: Improving Lives Together.

2. Minutes

2.1 Resolved – that the minutes of the meeting held on 14 March 2023 be approved as a correct record and that they be signed by the Chairman.

3. Performance and Resources Report - Quarter 4 2022/23 (CAB01_23/24)

3.1 Cabinet considered a report by the Chief Executive and Director of Finance and Support Services. The report was introduced by Cllr Jeremy Hunt, Cabinet Member for Finance and Property who outlined the performance and finance summaries for the quarter. The outturn position reports an overspend of £182k which will be managed through inflationary contingency reserves. Adults and Children Social Care continue to be the biggest pressure areas and support from Government going forward will be required to help manage this. The statutory override for the Dedicated Schools Grant (DSG) deficit remains for three years, however plans are needed to deal with this challenge. The Cabinet Member highlighted that some capital projects had been accelerated.

3.2 Cllr Kevin Boram, Chairman of the Fire and Rescue Service Scrutiny Committee congratulated the service on its performance and highlighted the importance of retained firefighters and their dedication to keeping people safe.

3.3 Cllr Paul Linehan, Chairman of the Children and Young People's Services Scrutiny Committee recognised the financial pressures and challenges around placements for children cared for by the local authority reflecting market and national challenges. The Committee welcomed improvements in care leavers in employment, education and training and were pleased to hear the KPI relating to child protection plans is being

revised for 2023/24 to better reflect performance in this area. The challenge of Education and Health Care needs assessments was noted but the Committee was pleased that funding will be released to schools at the 20-week mark. The Committee recognised the impact of Covid-19 on attainment for disadvantaged pupils and KS2 and the pressure of the DSG.

3.4 Cllr Pieter Montyn, Chairman of the Performance and Finance Scrutiny Committee advised the Committee had noted the impact of inflation and cost of living pressures on the Council's operations and that increased demand on most services is likely to present budget challenges. The Committee sought reassurance that effort is made to lobby the Government for increased funding in all areas and particularly in social care. Non delivery of savings is a concern and the Committee will monitor doubtful debt provision. The Committee requested to be informed on the cost of workforce absence to the Council.

3.5 The following points were made by Cabinet Members in discussion:

- Cllr Paul Marshall, Leader of the Council set out the aims in the Council Plan to deliver service priorities and to protect the environment. He highlighted the unbudgeted and unexpected challenges faced in recent months and the Council's ability to respond to these. He explained the positive achievements throughout the year including a good or outstanding Ofsted rating for all in-house residential children's homes, the ongoing delivery of many highway schemes and the Bus Service Improvement Plan (BSIP), improved Special Educational Needs and Disabilities (SEND) provision through the capital programme and carbon tonnage savings for schools.
- Cllr Steve Waight, Cabinet Member for Support Services and Economic Development advised of the portfolio underspend despite changes and additional costs to the statutory complaints services. The SmartCore project is a challenging and complex piece of work and the Cabinet Member thanked officers for their ongoing commitment to its delivery. The Smarter Working programme is ongoing and will likely result in the use of fewer buildings therefore giving potential for a reduction in the Council's carbon footprint. He welcomed the professionalism and effectiveness of the workforce and the ongoing impact of Covid-19 on absence.
- Cllr Jacquie Russell, Cabinet Member for Children and Young People, Learning and Skills described a challenging year for the portfolio with the complexity and cost of placements resulting in an overspend. Plans are in place to reduce the percentage of external providers and the number of children cared for is consistently lower. A recent full Ofsted inspection reported significant improvement and the service continues a relentless focus on quality and consistency of practice. The growth in numbers of those with an EHCP and requiring home to school transport has resulted in an overspend in the Learning and Skills element of the portfolio. The DSG deficit remains a big concern but work is underway to deliver better value for SEND activity. Adult learning re-provision has added a cost pressure and the Cabinet Member thanked staff in the service for mitigating the impact of recent disruption to this service.

- Cllr Deborah Urquhart, Cabinet Member for Environment and Climate Change and Deputy Leader said the council is in a sound financial position and the use of contingency and reserves has offset challenges of inflation and demand in social care services. A national award has been won in recognition of the local energy company at the Manor Royal business park for the County Council's partnership working. A collaborative project with Chichester college and university is underway to inspire waste prevention, reduction and recycling. The increased disposal costs due to inflation have been offset due to reduced tonnages and increased recycling income and revenue from solar farms has offset energy costs. Work is underway to decarbonise the corporate estate.
- Cllr Joy Dennis, Cabinet Member for Highways and Transport reported an outturn overspend of £1m owing mainly to energy costs. The number of required safety repairs has increased following wet weather. Concessionary bus fares have offset some overspend, as has additional works from highways and street works. Government funding has enabled the roll-out of on street electric vehicle charging. Significant improvement in highways defect repairs has been achieved, although recent weather has returned the KPI to amber. Work in partnership with Sussex Safer Roads and Sussex Police is ongoing to reduce the number of killed and seriously injured cases looking at where higher numbers of accidents occur and measures which can be taken to mitigate these.
- Cllr Bob Lanzer, Cabinet Member for Public Health and Wellbeing described the increased access and availability of the Gro Health app to support mental health and physical health. The Cabinet Member hosted a seminar with a range of organisations which considered the effect of the pandemic on homeless people with its recommendations passed onto The Housing Forum. West Sussex has a good measure for the healthy weight of 10-11 year olds however work is ongoing to improve this further. Postponed activity during the pandemic resulted in a reserve which will be used to top-up the public health grant.
- Cllr Amanda Jupp, Cabinet Member for Adults Services advised the service ended the year on a balanced budget reached through mitigation measures and underspend in some areas. Continuing pressures on the service will present challenges in terms of demand and obtaining required savings. The Market Sustainability Plan has been published; strengthening the care workforce and supporting people to remain in their communities is a key focus. A data review and improvement plan will provide more up to date information to help inform and monitor the service and progress.

3.6 Cllr Hunt discussed the increased revenue budget for the financial year and the importance to try and remain within this budget in view of the pressures ahead. Cllr Hunt thanked staff, Cabinet and the Scrutiny Committee members for their comments and support for the work done by all teams.

3.7 Resolved – that Cabinet

1. agree the following transactions to cover the £10.541m Portfolio overspend position:

- a) Utilise the remaining £4.747m Contingency Budget
- b) Utilise the £0.665m Sources of Financing additional income
- c) Utilise the £4.947m additional income within Non-Portfolio budgets
- d) Utilise £0.182m from the Inflation Contingency Reserve

2. Agree the proposed changes to the Key Performance Indicator Measures detailed in Annex C.

4. West Sussex Fire and Rescue Service Statement of Assurance 2022-23 (CAB02_23/24)

4.1 Cabinet considered a report by the Chief Fire Officer. The report was introduced by Cllr Duncan Crow, Cabinet Member for Community Support, Fire and Rescue who outlined the requirement of the Statement of Assurance on financial, governance and operational matters and how that has due regard to the Community Risk Management Plan (CRMP). The Cabinet Member outlined the strategic priorities contained within the Statement and set out the performance of the 29 core measures in the assurance framework. The Horsham live fire training centre will become operational next month and ongoing improvements are taking place in the fire estate.

4.2 Cllr Kevin Boram, Chairman of the Fire and Rescue Service Scrutiny Committee thanked the service and team for the preparation of the complex document which clarifies important issues. Cllr Boram noted the journey ahead for the CRMP, the education of residents through consultation exercises and reflecting the needs of the community, partnership and joint working to deliver these services. The Committee will continue to look at issues related to workforce.

4.3 Cabinet Members noted the importance of the retained firefighter cohort and the need to increase their numbers.

4.4 Resolved – that Cabinet approve the West Sussex Fire and Rescue Service Annual Statement of Assurance 2022-23.

5. Review and Appointment to Outside Bodies (CAB03_23/24)

5.1 Cabinet considered a report by the Director of Law and Assurance.

5.2 Resolved – that Cabinet agrees to:

1. Remove the Shadow Sussex Integrated Care System Partnership Forum from the Outside Bodies list, following establishment of the Sussex Integrated Care System through an Integrated Care Board and the Health and Care Assembly.

2. Appoint Cllr Greenway to the Bognor Regis Regeneration Board for the remainder of the Council term (May 2025.)

6. The Sussex Shared Delivery Plan: Improving Lives Together

6.1 Cabinet considered a report by the Assistant Director for Health Integration. The report was introduced by Cllr Bob Lanzer, Cabinet Member for Public Health and Wellbeing who set out the overview, structure and priorities of the Sussex Shared Delivery Plan. The Cabinet Member thanked officers in public health for their involvement and input into the strategy and delivery plan, which included putting a greater emphasis on prevention work, references to the Adult Social Care Strategy and Children First health priorities, amongst other key areas. Alan Sinclair, Director of Adults and Health added that the delivery plan was the product of positive joint working giving it a place-based focus. Work with the West Sussex Health and Wellbeing Board will be critical as the plan is delivered.

6.2 Cabinet Members agreed the importance of recognising place-based priorities and noted the pressure on acute systems, including waiting times and lists. Cabinet were pleased with the focus on immediate and longer-term improvement priorities and agreed the importance of managing demand and working on a preventative approach.

6.3 Resolved – That Cabinet give their support for the Sussex Shared Delivery Plan ahead of the Sussex Integrated Care Board on 5 July 2023.

7. Date of Next Meeting

7.1 The next meeting of Cabinet will be held on 25 July 2023.

The meeting ended at 12.13 pm

Chairman

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

Report to Cabinet

25 July 2023

Update on Council Plan and Medium-Term Financial Strategy

Report by Director of Finance and Support Services and Director of Law and Assurance

Electoral division(s): All

Summary

In February 2024, the County Council will agree its updated Council Plan and the revenue and capital budget for 2024/25. The attached report and associated appendices start the 2024/25 planning process for updating the Council Plan and sets out the Medium-Term Financial Strategy to support business and financial planning over the next five years.

Recommendations

Cabinet are requested to note: -

- The external and internal context that the County Council is operating within.
- The Council Plan priorities and outcomes in Section 3 which will be used to inform the discussion over the next few months before the revised Council Plan is published in February 2024;
- The financial challenge over the medium term and the immediate budget gap of £45m for 2024/25 that must be addressed before a balanced budget can be set in February 2024;
- The risks and uncertainties in Section 6 and Annex 3 that still remain; and
- The overall approach for balancing the budget in Section 7.

Proposal

1 Background and context

1.1 This is the first report to Cabinet for the 2024/25 business planning process and provides an update on each of the following areas:

- External policy context and evidence base;
- WSCC local policy context;
- Current priority outcomes and delivery outcomes,
- Financial context and approach to setting the budget for 2024/25, and longer term financial planning.

1.2 The Council Plan and key performance indicators will be subject to review over the next few months.

Agenda Item 4

- 1.3 In terms of the financial position, there remains much uncertainty in three main areas – Government reforms on the horizon, macro-economic conditions, demand pressures and future funding for Local Government. This makes forecasting costs and opportunities challenging but the Council is committed to longer term planning for financial sustainability. The assumptions made throughout the report are based on the latest information and best estimates.
- 1.4 The revised medium-term forecast shows a budget gap across the five years of between £90m and £171m dependent on the level of Council Tax increase. It is acknowledged that Council Tax increases remain a local decision by County Council each year but if the maximum increases were taken in 2024/25 and 2025/26, the budget gap would be reduced to £17m for each year.
- 1.5 There are a number of risks with this position and these are set out in the report. The position excludes any impact of changes in Local Government Funding, financial impact of Adult Social Care reforms, funding of the DSG deficit and SEND pressures and any of the other policy changes Government may introduce. Officers are currently assuming that any substantial changes from Government are likely to be from 2026/27 if the next spending review takes place in early 2025. However, this is a risk and will remain under review.
- 1.6 Budget pressures and risks continue to be monitored and, over the coming months, proposals for budget reductions will be identified to close the gap. Financial Plans assume that the current deficit on the SEND budget will reach £63.7m by March 2024 but that this will remain ringfenced to the Dedicated Schools Grant.
- 1.7 Both revenue and capital proposals will be published in the Autumn for engagement and feedback. The draft Council Plan, 2024/25 draft revenue budget and capital programme will be presented to Cabinet in January 2024 and will consider any feedback received.
- 1.8 The full timetable is set out in Section 10 of the report.

2 Proposal details

- 2.1 It is proposed that Cabinet review the update to the Council Plan and the Medium-Term Financial Strategy set out in Appendix A.

3 Consultation, engagement and advice

- 3.1 The Executive Leadership Team and Cabinet Members have considered the update to the Council Plan and Medium Term Financial Strategy.

4 Finance

- 4.1 The financial implications are as set out throughout the report in Appendix A.

5 Risk implications and mitigations

- 5.1 The risk assessment implications and mitigations are set out in section six of Appendix A with further details included in Annex 5.

6 Policy alignment and compliance

- 6.1 The report sets out the approach for updating the Council Plan and for setting a balanced budget for 2024/25 in accordance with the County Council's statutory duty.

Taryn Eves
Director of Finance & Support Services

Tony Kershaw
Director of Law and Assurance

Contact Officer: Rebecca Taylor, Financial Planning Manager, 0330 222 6878, rebecca.taylor@westsussex.gov.uk

Appendices

- Appendix A Update on Council Plan and MTFS
- Annex 1 External Context - Economic Environment, Government Policy and Demographic Changes
- Annex 2 Internal Context - Local Priorities, Our Improvement and Change Programmes
- Annex 3 Funding sources and levels of funding projections 2024/25 onwards
- Annex 4 Forecast spending pressures 2024/25 onward
- Annex 5 Risks and Uncertainties
- Annex 6 Schools' Budget

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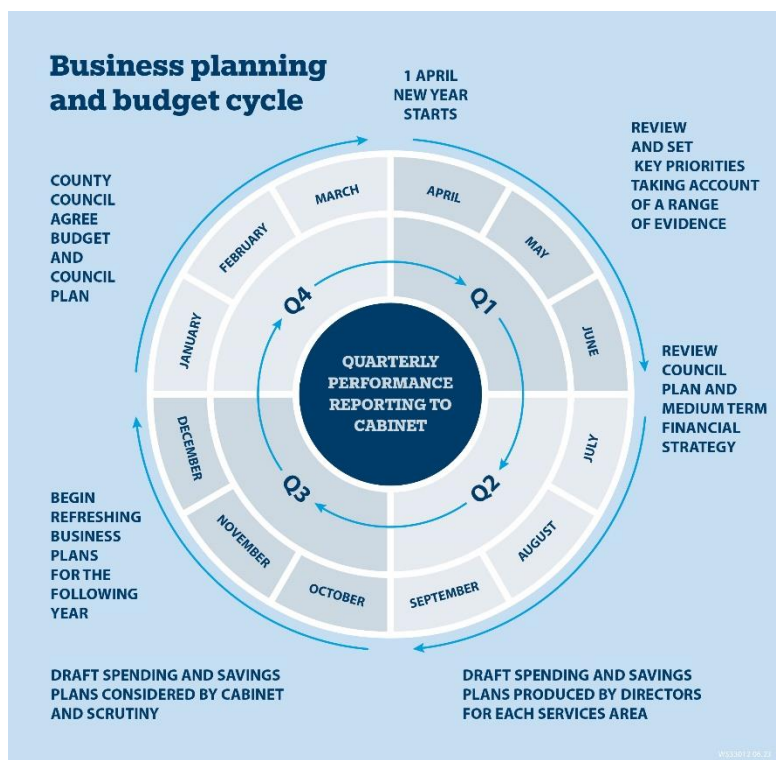
Appendix A: Update on Council Plan and Medium Term Financial Strategy

1. **Introduction**

- 1.1 The County Council will be invited to approve a new Council Plan and Medium Term Financial Strategy (MTFS) as part of budget setting in February 2024.
- 1.2 This strategy is the start of the process and supports planning over the next five years. It provides the framework for the Council's priorities to drive financial strategy and the allocation of resources. It identifies the budget gap following a review of spending, income pressures and underlying risks.

2. **Integrated council planning and budget setting**

- 2.1 The approach brings together business planning, financial planning and risk management. It informs decision making to ensure focus on priority outcomes, making the best use of resources, tracking delivery and value for money. It enables considered choices in a changing environment and against resource and demand challenges and other uncertainties. This operates within the annual cycle shown below:



- 2.2 The process starts with a stocktake on the Council Plan and a refresh of the MTFS in the context of the anticipated operating environment. A review of the council's strategic ambitions and priorities is undertaken to identify areas for improvement and change to enable plans for how the County Council balances its books next year and for the medium term.
- 2.3 The impact of internal and external factors is key to the planning and budget process and are set out in full in Annex 1 and 2:

- **Annex 1** - economic environment, government policy and demographic changes
- **Annex 2** - local priorities, our improvement and change programmes.

3. **Our Council Plan – refresh proposals**

3.1 [Our Council Plan 2021–2025](#) sets out four priorities, with an underlying theme of environmental protection and addressing the impact of climate change. The current priorities and outcomes are:

Council Plan Priority	Outcome
Keeping people safe from vulnerable situations	A timely and proportionate approach to prevention
	Support to people when they need it
A sustainable and prosperous economy	Developing and growing the local economy
	Achieving social value in West Sussex
	Sustainable growth by developing modern infrastructure
	Supporting people to develop the skills they need for the future
	A sustainable economy that adapts to climate change
	Working in partnership
Helping people and communities to fulfil their potential	Access to excellent education and learning
	Tackling inequality
	Promoting and enabling independence
	Safe, connected and cohesive communities
Making the best use of resources	Working together as one Council
	Getting the best from our people
	Maximising our income and the productivity of our assets
	Value for money
	Securing value through partnership
Protecting the Environment - addressing Climate Change	

3.2 For 2023/24, the narrative in the plan and some key performance indicators (KPIs) and targets were updated as part of the February County Council budget papers ([Appendix 8 - 2023/24 Council Plan](#)). The KPIs and targets will remain under review through quarterly monitoring to ensure they remain relevant and effective as measures of impact.

3.3 In 2022/23 progress included adult social care assessments, the quality of education in schools, fire response times, digital library services, Community Hub support, carbon emission reductions, recycling, reducing the operational estate, new cycle paths, supporting businesses, increasing gigabit-capable connectivity and uptake of flu vaccines.

- 3.4 Progress in improvement programmes and performance targets and developments in the operating environment make the time ripe to review the Plan. The first three years were used to deliver and embed service improvements and secure better value for expenditure. This increases our credibility and confidence and gives an impetus to review our aspirations.
- 3.5 Meeting service responsibilities, responsive to need in the face of changing demands and requirements whilst making best use of resources, remains the top priority. Stronger delivery and support systems enable the County Council to broaden its ambitions while retaining a focus on improving outcomes for residents, communities and places. Consideration will be given to whether the Plan's current priorities reflect the breadth of the commitment to protecting and enhancing the natural environment, or whether this should be strengthened within the Plan.
- 3.6 Joint working and collaboration will be critical, including more co-production with users and stakeholders in children's and adults' services and engagement with the Voluntary and Community Sector (VCS). A priority for 2024/25 will be working with NHS partners through the new Integrated Care System (ICS).
- 3.7 The Levelling Up White Paper suggests County Deals for most counties by 2030, but with government focus and funding away from the south east. For West Sussex it may be three to four years before a deal but we need to plan for this to support improved outcomes and grasp opportunities, increasing the chances of a valuable deal when the time comes.
- 3.8 Close working with the district and borough councils and their new administrations will continue for the benefit of our communities as well as with other partners in business, skills, tourism and other regeneration and growth spheres. There are a range of collaborative arrangements to build on, including Growth Deals and the Business Rates Pool.
- 3.9 The West Sussex Economic Collaboration work, jointly commissioned by the County and the districts and boroughs, sets out how collaboration on economic development, regeneration and growth can be effective. The County Council will work with partners in the development of the approach to economic growth.
- 3.10 The importance of this work has increased following the Government's announcement on the future of Local Enterprise Partnerships (LEPs) in March 2023. The Government intends for the functions of LEPs to be delivered by local government in the future.
- 3.11 The County Council will continue to strengthen other partnerships, such as with the VCS, to respond in a more co-ordinated way to wider social pressures including the social impacts of the pandemic, cost of living pressures and other social issues.
- 3.12 Objectives will be updated to reflect economic instability and KPIs will be aligned to latest strategies and improvement plans. Targets will be reviewed to ensure they remain relevant and reflective of ambitions,

capacity and resources, making relevant comparisons to other councils where possible.

- 3.13 The increasingly challenging operating environment makes lobbying more important. The County Council will work with district and boroughs, local MPs, South East 7, County Council Network (CCN) and others and continue to collaborate with partners to ensure priorities are advocated at a local, regional and national level.

4. Revenue Budget 2024/25

- 4.1 Developing a budget that is balanced requires consideration of a number of different factors which are summarised here and set out in further detail through the remaining report and annexes.:

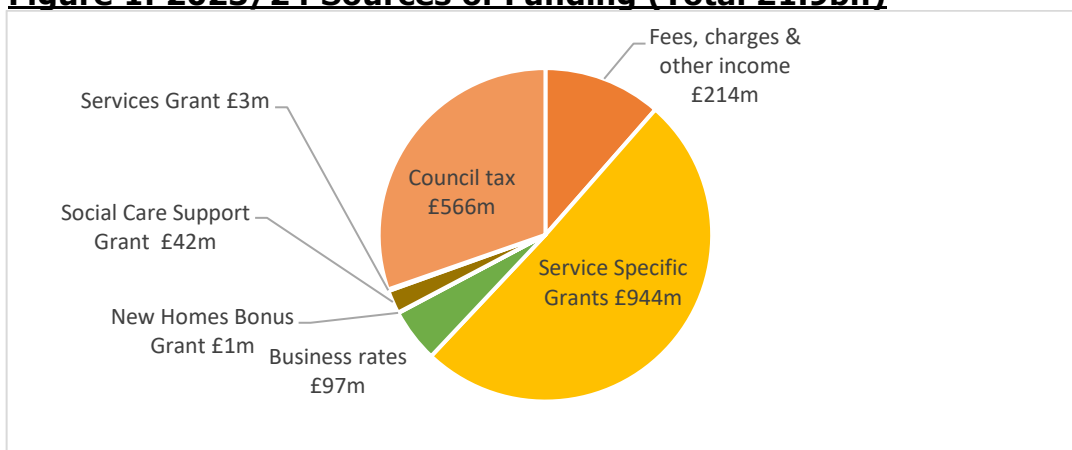
- Impact of macro-economic conditions – inflation and interest rates; the budget uses the latest forecasts from the Office for Budget Responsibility (OBR)
- Government funding through the Local Government Finance Settlement
- Other potential income sources, including, forecast Council Tax and business rates collection and fees and charges income
- Forecast increase in service demand pressures
- Savings proposals which will include reducing costs and increasing income.

- 4.2 The County Council's budget is underpinned by the following budget principles:

- To support the priorities of the Council Plan and reflect the need for service improvement and redesign over the medium term
- Financial planning for revenue and capital will cover a period of at least five 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 using data to inform assumptions
- Growth for enhanced service provision will be considered on a case by case basis
- Loss of specific government grant will result in the same reduction in related expenditure
- To ensure the council is providing value for money, increased productivity and is clear about return on investment.

Revenue Budget - Funding

Figure 1: 2023/24 Sources of Funding (Total £1.9bn)



- 4.3 The duty to set a balanced budget means income levels determine affordable expenditure. Figure 1 shows the dependency on Government funding, Council Tax and fees and charges. Full details are in **Annex 3**.

Revenue Expenditure

- 4.4 Spending patterns are volatile and each year there are new pressures. Medium term financial planning aims to review both existing pressures and understand new pressures.
- 4.5 Spending plans and pressures for next year and the medium term are outlined in **Annex 4**. Pressures include pay and price inflation, as well as continuing investment in Adults and Children's social care. The County Council are also actively considering additional investment in highways. These are based on assumptions using the latest data but remain subject to review. Assumptions for 2024/25 are more robust but across the medium term it becomes more challenging to estimate pressures accurately.
- 4.6 Financial plans assume service pressures for 2024/25 of £36m and then a further £23m per annum for 2025/26 onwards. These will remain under regular review as more information becomes available. Any increase in these numbers will increase the need for savings elsewhere to enable a balanced budget to be set in February 2024.

Capital financing charges

- 4.7 These relate to all costs of borrowing for capital investment, including external borrowing (PWLB). The Council cannot borrow to fund revenue costs. Further details are in the Capital Strategy section 8 below. The cost of borrowing included in the 2023/24 budget is £30.4m. There is currently no assumed requirement for new borrowing for 2024/25 but the Capital Programme for 2024/25 is currently being developed. Any additional external borrowing will incur a revenue cost. Currently, an additional £50m borrowing costs £3.15m per annum, based on the 35-year PWLB annuity rate (5.28%) (6 June 2023). If reserves are used for internal borrowing, this reduces cash balances and a loss of investment income.

5. The Medium Term Financial Outlook

Current Financial Position - Outturn 2022/23

- 5.1 The Medium Term Financial outlook must take into consideration the current financial position. The [outturn position](#) was reported to Cabinet in June 2023.
- 5.2 The provisional revenue outturn for 2022/23 was net spend of £654.6m, comprising portfolio budgets which overspent by £10.5m, offset by high investment income (£5.0m), £0.665m more income from the 2023/24 Financial Settlement for business rates and use of contingency and inflation reserves.

2023/24 Budget

- 5.3 The 2023/24 [budget](#) was approved by the County Council in February 2023 and will be closely monitored over the year. Many pressures from 2022/23 continue into 2023/24. Additional budget was built in based upon the available data and evidence, but this will need to be closely monitored to see if it is sufficient. Many of the pressures could continue into the medium term and the additional budget assumed in financial plans may be higher. Progress on the 2023/24 budget will be subject to quarterly reporting as part of the Performance and Resources Report (PRR).

Five year Financial Position – 2024/25 to 2028/29

- 5.4 The Council's medium term financial position is subject to the many factors already considered in this report and looks ahead five years. It is kept under continuous review.
- 5.5 Assumptions for 2024/25 onwards are based on best estimates of Government funding, demographic growth and other pressures and the latest economic forecasts. They exclude the impact from any changes to Local Government funding, the planned Adult Social Care reforms, any funding of the DSG deficit and SEND pressures after 2025/26 when the statutory override ends and any of the other policy changes Government or a new Government may introduce. All may mean significantly increasing the budget gap and the need for further budget reductions.
- 5.6 Taking in all the factors above, the County Council has a budget gap over the five years of £171m, of which £45m will fall in 2024/25. This is before any assumed increase in council tax levels.

Table 1 – Medium-Term Financial Position 2024/2025 to 2028/2029 including published savings for 2024/25

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Opening expenditure	709	727	734	741	748
Inflation	35	13	15	11	15
Service pressures	36	23	23	23	23
Capital financing			2	3	3
Total expenditure	780	763	774	778	789
Funded by:					
Council tax – assumed 0%	574	581	588	595	602
SFA/Business Rates	102	105	105	105	105
Specific Grants	51	48	48	48	48
Total funding	727	734	741	748	755
Published savings	8				
Budget Gap: In Year	45	29	33	30	34
Budget Gap: Cumulative	45	74	107	137	171
Impact of maximum Council tax increase	28	12	13	14	14
Budget gap after Council tax	17	17	20	16	20
Budget gap: cumulative	17	34	54	70	90

- 5.7 Referendum thresholds for 2024/25, published in December 2022, provide for a general Council Tax increase of 2.99% and a further 2% for Adult Social Care. Financial Plans assume that thresholds for 2025/26 onwards will fall to 1.99% and the Adult Social Care Precept will end. If full Council Tax increases were taken in each year, this would reduce the budget gap from £171m to £90m.
- 5.8 This financial position is built on many estimates and any deviation could obviously impact on the figures. Work to close the gap, with a focus on 2024 to 2026, is underway. Further details on the overall approach are set out in Section 7 with a fuller update to be published in the Autumn.

6. Risk Management and Reserves Strategy

Risk Management

- 6.1 The financial position is based on the best known information on cost and demand. Any changes in these assumptions presents a potential risk.
- 6.2 Full details of the County Council's financial risks were reported in Section 5 of the [budget report](#) and remain largely unchanged. Others have emerged and the severity or scale of some have increased. These are set out in **Annex 5**.
- 6.3 Risks remain under review both in terms of impact and likelihood. Risks and uncertainties make planning for future years challenging and any change in assumptions underpinning the budget can have an impact on the in-year financial position. Over the summer scenario planning will allow us to consider the impact of the identified risks and help future planning.
- 6.4 The nature of risks and uncertainties means the Council must take a prudent approach to assumptions in next year's budget and medium-term financial plans to hold sufficient levels of contingency to deal with unforeseen circumstances in the short term. Reserves provide a safety net for more significant negative impacts on funding. There is no planned use of reserves to balance the budget in future years.

Contingency

- 6.5 The contingency budget helps manage unforeseen pressures in-year. For 2023/24, with uncertainty around social care costs and economic conditions, the Council increased the contingency to £13.0m (from £9.2m). Use of contingency will be subject to approval by the Director of Finance and Support Services and the Cabinet Member for Finance and will be reported in year to Cabinet through the PRR. The level of contingency from 2024/25 will remain under review but is likely to remain at a similar level. An update will be included in the draft budget proposals published in the Autumn.

Reserves Strategy

- 6.6 Reserves are not used for balancing the budget but are for one off investment or spend and to ensure there is provision to meet known future commitments or liabilities. In current circumstances it is critical that the Council continues to maintain an appropriate level of both earmarked and general reserves, recognising they can only be used once.
- 6.7 The MTFs and financial plans are key to ensuring reserves are appropriate. Specific reserves can support the delivery of services and some will need to be replenished to maintain financial resilience. The one-off nature of reserves and their purpose show the importance of revenue budgets being sustainable rather than depending upon reserves.

6.8 Full details of the County Council’s reserves can be found in Appendix 5 of the [budget book](#) and final balances as at March 2023 in the quarter 4 [Performance and Resources Report](#). Reserves are categorised as follows:

- Contractual Commitments – to provide financing of long-term financial arrangements, e.g., PFI schemes.
- Risk and Uncertainties Based Reserves – to help manage:
 - unforeseen in-year expenditure e.g., increased social care demand,
 - fluctuations in income e.g., surpluses/deficits on collection of council tax and business rates, interest rate changes.
- Service Specific Earmarked reserves – for a particular purpose and for managing risks and uncertainties relating to a specific service
- Government Grants – from ringfenced Government grant received but not fully spent.

Table 2 – Summary of Reserves 2023 to 2028 (excluding Capital Reserves and School Balances)

Reserves (£m)	Balance 31 March 2023	Opening Balance 1 April 2023	Forecast Balance 31 March 2024	Forecast Balance 31 March 2025	Forecast Balance 31 March 2028
Earmarked revenue reserves					
Contractual Commitments	56.3	53.5	53.9	49.1	38.5
Risk and uncertainties	87.6	72.7	67.8	67.4	65.1
Service Specific	53.8	55.0	42.6	29.2	17.9
Government grants	6.6	6.6	2.9	2.9	0
Total revenue usable reserves	204.4	187.8	167.2	148.7	121.5

6.9 Over the five year period reserve levels are forecasted to decrease from £204m to £121m as the reserves held for specific services and contractual commitments are utilised.

General Fund Reserve (Working Balance)

6.10 The general fund reserve is also held to mitigate risks of unexpected events or emergencies. The level is based on an assessment of known financial risks and the impacts they would have on the Council’s overall spending. It is set at £36.3m and is approximately 5% of the net revenue budget. It is forecast to remain at this level for the period of the MTFS in line with the agreed strategy at February 2023.

7. Addressing the Budget Gap

7.1 The budget gap for the medium term, considering changes in funding, spending and risks is projected to be £180m or £100m if Council Tax increases are at assumed referendum levels for the five years. Savings required will not be achieved through general efficiencies but will require a more fundamental review of services. Every service must provide good value for money, be cost effective and contribute to Council Plan priorities.

- 7.2 Further details on the specific proposals for balancing the budget for 2024/25 will be published in the Autumn but the County Council must take a longer term approach.
- 7.3 Delivering savings of this scale will require change and will focus on the following areas:
- Improving commissioning, procurement and contract management processes
 - Ensuring staff have the right support, skills and tools to deliver effective services
 - Maximising the use of digital technology and solutions to improve how we work and how residents, businesses and visitors access services
 - Optimising the use of the County Council's operational estate
 - Exploring new options for income generation.

8. Capital Strategy and Programme

- 8.1 The Capital Strategy drives the Council's capital investment ambitions to support sustainable long-term delivery of services and is part of the suite of financial management approaches that inform the MTFS. Work continues to strengthen the link between revenue and capital.
- 8.2 The Capital Strategy is informed by the Council's Asset Management Strategy which collates service asset needs and integrates them with corporate asset management objectives. These demand-led objectives help shape decisions about the priorities for the Capital Programme.
- 8.3 The Capital Strategy combines demand for investment with the available funding and the capacity and resources to deliver the programme. It also covers the capital governance process, which is subject to an ongoing review to ensure it remains fit for purpose and provides clear and reliable forward planning of capital investment.
- 8.4 The 2023/24 – 2027/28 Capital Programme, approved in February 2023, was £747.2m with highways and transport, learning and skills and the operational estate the main areas of investment. The full [Capital Strategy and Capital Programme](#) is approved as part of budget setting and included with the February Budget papers in **Annex 2(a)**.
- 8.5 The Council's ability to prudentially borrow to fund future capital schemes is determined by affordability. Information on revenue implications of prudential borrowing are published in the annual Treasury Management Strategy ([February Budget papers Annex 2\(b\)](#)).
- 8.6 The annual review of the capital programme is underway and includes a review of the delivery plans and profiling of schemes as well as reviewing any new requirements or any schemes which may no longer be a priority. The pre-pipeline projects are also under review and although not part of the published capital programme will show future forecasted expenditure at a summary level as part of progressing the development of the Capital Strategy into a long term plan. The proposals for pre-pipeline will be at early draft or Strategic Outline Case.

- 8.7 Proposals for the 2024/25 capital programme will be considered over the summer months and reviewed against estimated resources available. Initial recommendations for prioritisation of existing projects and new capital investment proposals will be presented to Cabinet in the Autumn ahead of the final Capital Programme being presented for approval in February 2024.

9. Schools Budgets

- 9.1 The Dedicated Schools Grant (DSG) is a specific ring-fenced grant received by local authorities to fund schools and central expenditure supporting the schools' budget. The grant includes a High Needs Block to fund pupils with special educational needs and an Early Years Block for two, three and four year olds in nursery and associated provision.
- 9.2 Funding pressures affecting the High Needs Block within the DSG have continued to grow as a result of increased number of children with education and health care plans (EHCPs) and the DSG deficit is forecast to reach £63.7m by the end of 2023/24. The Government has confirmed that the statutory override for this deficit to remain off balance sheet will continue for a further three years and during this time the County Council will continue to lobby and engage in discussions with Government on the need to find a longer term solution after 2026/27. Financial Plans assume that this deficit will continue to be ringfenced to the Dedicated Schools Grant. Further details on Schools' Budgets are included in **Annex 6**.

10. Engagement and Budget Timetable

- 10.1 The MTFs and Capital Programme provide the financial framework for delivering the Council Plan and provides assurance that spending plans are aligned to the Council's priorities. Formal engagement on the draft budget proposals and Capital Programme, as detailed in Table 3 below, will be undertaken during the Autumn.

Table 3 – Budget Timetable

Date	Who	What
19 July	Member Day	Update on Council Plan and MTFS
25 July	Public Cabinet	Council Plan and MTFS (this report)
17 Oct	Public Cabinet	Update on Capital Programme, Budget gap/savings including discussion on priorities and Council Plan
18 Oct	Member Day	Council Plan and Budget Proposals (Revenue and Capital)
November	Scrutiny Committees	Council Plan and Budget Proposals (Revenue and Capital)
November	Stakeholder Engagement	Council Plan and Budget (Revenue and Capital) stakeholder consultation
<i>December</i>	<i>DLHUC</i>	<i>Provisional Finance Settlement</i>
19 Jan	Member Day	Council Plan and Budget Proposals (Revenue and Capital)
24 Jan	PFSC	Review draft Council Plan and Budget Proposals (Revenue and Capital). Comments to feed into 30 January Cabinet meeting.
30 Jan	Public Cabinet	Council Plan and Budget Papers. Verbal feedback from all Scrutiny Committee Chairmen.
16 Feb	County Council	To approve Council Plan and Budget 2024/25 and the updated MTFS (2024/25 to 28/29)

ANNEX 1: EXTERNAL CONTEXT 2024/25

1.0 Economic Environment, Government Policy and Demographic Changes

- 1.1 At the 2021 Census the population for West Sussex was 882,700 an increase of 9.4% since 2011 and larger than the regional (7.5%) and for England (6.6%). The highest growth is in over 65s at 23%, from 21% in 2011, West Sussex has a higher proportion of over 65s than the national (18%) and regional (19.5%) averages. Projections suggest the West Sussex population will grow by 10% until 2041, higher than for England (8%) or the Southeast 6%). As data continues to be released following the 2021 census, this data and the information from the Joint Strategic Needs Assessment will continue to be used to inform business and financial planning.
- 1.2 Records indicate that numbers of people in employment are back to or exceeding pre-pandemic levels but the number of economically inactive in West Sussex has increased, although not to regional or national levels. West Sussex figures suggest more economically inactive adults through increases in number of students rather than for other reasons such as ill health or early retirement.
- 1.3 Between April 2020 and April 2023 there was a 4% increase in employees in West Sussex. The claimant count of those claiming Job Seekers Allowance or Universal Credit has reduced but is still above pre pandemic levels.
- 1.4 The County Council continues to face recruitment and retention challenges. Particular areas of pressure are social workers, care workers and occupational therapy, planners, property, transport and development professionals and lawyers. A tighter job market affects the ability to recruit to or retain lower wage roles where cost of living pressures are more acute.
- 1.5 The fall in real disposable incomes (adjusted for inflation, taxes and benefits) that the UK has experienced since late 2021 means households face increasing pressures due to rising energy prices, inflation and interest rates.
- 1.6 The April 2023 Ipsos Issues Index shows that Britons say inflation and prices and the economy are the top two issues. The Office of Budget Responsibility expects household incomes after tax and adjusted for inflation to start falling in quarter 2 of 2023 and not recover until quarter 3 of 2024. Low-income households will be most affected. The Resolution Foundation estimates 1.3 million more will fall into absolute poverty in 2023, including 500,000 children.
- 1.7 The Bank of England has continued to raise interest rates, from 3.5% in December to 4.0% in February and 4.25% in March. In June 2023 the Bank increased the rate to 5% The Bank now expects overall inflation to drop to 5% by the end of this year, above the 4% previously predicted.

- 1.8 The County Council continues to support displaced persons, migrants and asylum seekers. In March 2023, the Home Office announced changes to the support under the Afghan Citizens' Resettlement Scheme away from the use of hotels and said it will provide £35 million in new funding to help councils overcome barriers to accessing housing and employment. The Local Authority Housing Fund will be extended but the supply of accommodation remains a barrier.
- 1.9 The impacts of climate change will continue to grow including on the maintenance of infrastructure, the delivery of new homes and other developments particularly given water neutrality requirements. The Council will need to respond to more serious weather events to deal with flooding, and increased risks to vulnerable people as well as the impact on the local economy.
- 1.10 The next General Election must take place before December 2024. The next spending review is expected to be not before early 2025. In May 2024 there will be elections in Adur, Crawley and Worthing, as well as for the Police and Crime Commissioner. The next County Council elections are in May 2025. These could mean changes to the political landscape, partnership working and in responding to continued national policy uncertainty.
- 1.11 In 2022 the Department for Levelling Up, Housing and Communities (DLUHC) announced a new Office for Local Government (Oflog). It will aim to empower citizens to hold local leaders to account, while supporting them to innovate and drive improvement by presenting data and analysis about the performance of councils and outcomes for local people.
- 1.12 The Department for Education (DfE) has published its Children's Social Care Implementation Strategy, to transform the care system to focus on more early support, reducing the need for a later crisis response. Funding of £200m over the next two years has been announced
- 1.13 In April 2023, the Government published an update to its 2021 Adult Social Care White Paper, The Next Steps to Put People at the Heart of Care. There were new announcements on the adult social care reform programme, including greater use of technology and digitisation. However, funding to support workforce reforms and training, has been reduced from £500m to £250m. In June 2023, Government published the NHS Workforce Strategy which fails to acknowledge the similar challenges with social care, despite the drive for joint working across health and social care.
- 1.14 Other policy areas on the Government's horizon but further details are awaited for a clearer picture in terms of County Council services and financial implications. These include:
 - Response to Review of Net Carbon Zero (Chris Skidmore MP)
 - Review of Integrated Care Systems (Hewitt)
 - Levelling Up and devolution
 - The timing of the first CQC inspection regime for adult services

- The monitoring and reporting requirements of Office For Local Government (OfLog) which will be launched in the next few weeks for Councils
- Timing and resources for separate food waste collections/other waste reforms in the Environment Act 2021

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ANNEX 2: INTERNAL CONTEXT

Local Priorities, Our Improvement and Change Programmes

2.1 Since the 2020 Council Plan's focus on service and corporate improvement:

- Children's Services have made significant improvements demonstrated by the March 2023 full Ofsted inspection.
- Funding pressures affecting the High Needs block have grown, leading to a High Needs Recovery Plan. The Council is well-placed to deliver and benefit from the proposals in the SEND National Improvement Plan but it remains challenging, particularly after 2025/26.
- The Fire & Rescue Service has made significant progress reflected in the HMICFRS 2022 inspection. The Community Risk Management Plan shows how the service will manage risks and explains how it will contribute to delivering Plan priorities.
- Adult Social Care is focusing on the priorities identified in its strategy 'The life you want to lead' and delivering its improvement programme ahead of the first round of CQC inspections expected this year.
- Support for employment and skills is increasingly important as a major local employer and an enabler of growth in the West Sussex economy.
- The Council's 4,000km of roads and 3,956km of footways are essential to the local economy. Increased investment is inhibited by a real-terms drop in Government capital funding and inflationary pressure. The 2024/25 grant would need £3.665m (17.5% increase) to match 2017/18 spending. The backlog of maintenance for carriageways exceeds £151 million. The Council is actively considering options to increase investment but this would increase the budget gap in 2024/25 and 2025/26 further as a result of increased borrowing costs on capital or increased revenue expenditure.

2.2 The Council will deliver major corporate change programmes over the next two years:

- The Smarter Working programme has introduced a model of hybrid working that prioritises business needs and offers flexible working to support recruitment and retention and enhance staff wellbeing, help protect the environment, rationalise our estate and reduce overheads.
- Digital/IT Strategy – Work to shape and define how the Council will use new digital technologies in the way it works, how it engages with customers and the infrastructure in the County to ensure connectivity, including artificial intelligence.
- Oracle Fusion – work is underway to replace our existing SAP system with Oracle Fusion. This complex project, when implemented and fully embedded, will improve processes in Finance, Payroll, HR and Procurement and improve how suppliers interact with the Council.

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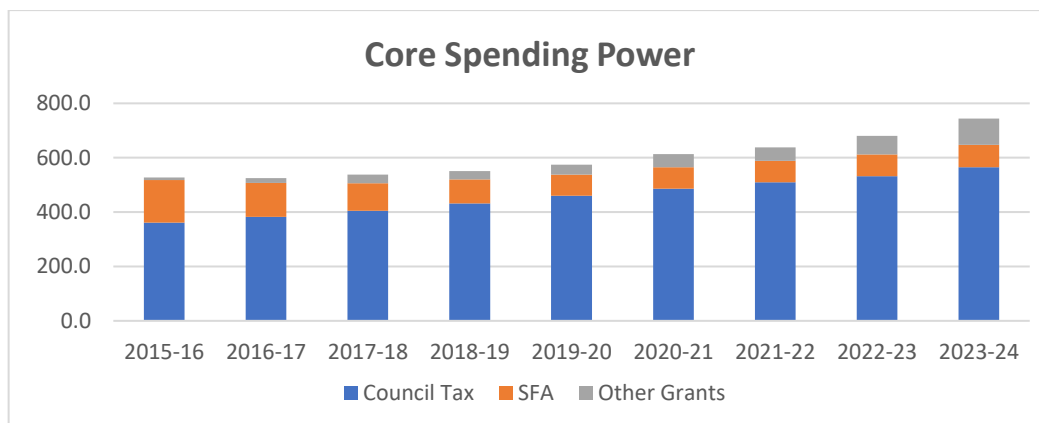
ANNEX 3: COUNTY COUNCIL SOURCES OF FUNDING 2024/25 ONWARDS

3.0 Government Funding

Local Government Finance Settlement

- 3.1 Over recent years there has been a move away from multi-year settlements and councils have relied on one-year settlements published in December which makes forward planning very difficult. In December 2022, the Government published a policy paper indicating expected funding for 2024/25 but uncertainty remains from 2025/26 onwards.
- 3.2 Core Spending Power is a measure calculated by Government on the level of resources available to local authorities to fund services, a combination of core Government Funding and Council Tax income. It is based on the assumption that the County Council will increase Council Tax by the maximum allowed, as well as an assumption about the growth in tax base. Levels since 2015/16 are shown in Figure 1.

Figure 1: Change in Core Spending Power



Note: increases in Other Grants is mainly attributed to social care funding for which there are additional responsibilities

- 3.3 In 2023/24, the funding from Government was £143m. This included business rates (£97m), Social Care Support Grant (£42m), New Homes Bonus Grant (£1m) and Services Grant (£3m). Planning assumptions for 2024/25 for these are:

- Business Rates to increase in line with the OBR forecast for CPI and maintained at the 2024/25 level for subsequent years.
- Social Care Support Grant increased from £42m to £48m to reflect additional funding redistributed in 2024/25 following the delay to Social Care Reform until 2025. Much of the funding set aside for the reform is being made 'available to local authorities to help meet the current pressures in social care' with £1.3bn of additional funding in 2023/24 and a further £1.9bn in 2024/25. It is assumed that Social Care Reform implementation will need to increase government funding.
- New Homes Bonus Grant will not continue beyond 2023/24.

- Services Grant will continue at the 2023/24 level for 2024/25 only.

Government Funding Reforms

- 3.4 The Government has previously committed to undertaking a reform of Local Government Funding to include an update of how funding is distributed according to need and a reset of the funding received through business rates (Business Rates Retention Scheme).
- 3.5 The reforms have been put on hold. In a finance policy statement in December 2022, the government confirmed it remained committed to improving local government finance but reforms would not be implemented in this spending review period ending in 2024/25.
- 3.6 Financial plans currently assume no financial impact from the funding reforms but it is likely there will be some reduction if as suggested, funding is moved away from the South East.

Service Specific Grants

- 3.7 The Council receives a number of service specific grants, e.g., Dedicated Schools Grant, Public Health Grant. For planning purposes, it is assumed that the level of specific grants will continue at the 2023/24 level of £944m and any changes within service specific grant funding will be managed within service budgets. A full list of the current grants is available at Appendix 4 of the [published 2023/24 budget book](#).
- 3.8 The additional grants specific to Adults Social Care (Adult Social Care Market Sustainability and Improvement Fund and the Adult Social Care Discharge Fund) for 2023/24 and 2024/25 assume that new service provision is in place to align with these grant levels. If the grants do not continue beyond 2024/25 it remains unclear whether the new responsibilities, that the County Council have been delivering in 2023/24 and 2024/25, will continue.

Business Rates

- 3.9 Business Rates are set nationally calculated by multiplying the rateable value (RV) of the property by the business rates multiplier. The RV of business premises is determined by the Valuation Office and annually the Government sets the multiplier which specifies the pence per pound paid in tax – for 2023/24 the multiplier was announced as 51.2p (49.9p for smaller businesses) and has remained at this level since 2020/21.
- 3.10 Currently, the businesses within West Sussex generate over £360m in business rates, of which 50% is retained locally. The current value of the Council's funding received through business rates, both retained locally and redistributed by government, is £97m.

Business Rates Pool

- 3.11 For several years, local authorities within West Sussex have operated a pool for business rate purposes. The arrangement enables an increased

proportion of business rates growth to be retained within West Sussex for investment in county wide initiatives that benefit the economy. The criteria and allocation of funds are determined by the Chief Executives Board and approved by the Leaders. The investment has contributed to several projects including supporting county-wide tourism development and work with partners to deliver support to business start-ups and micros. The Digital Partnership has focused on delivering gigabit capable connectivity to residential and business premises across the county.

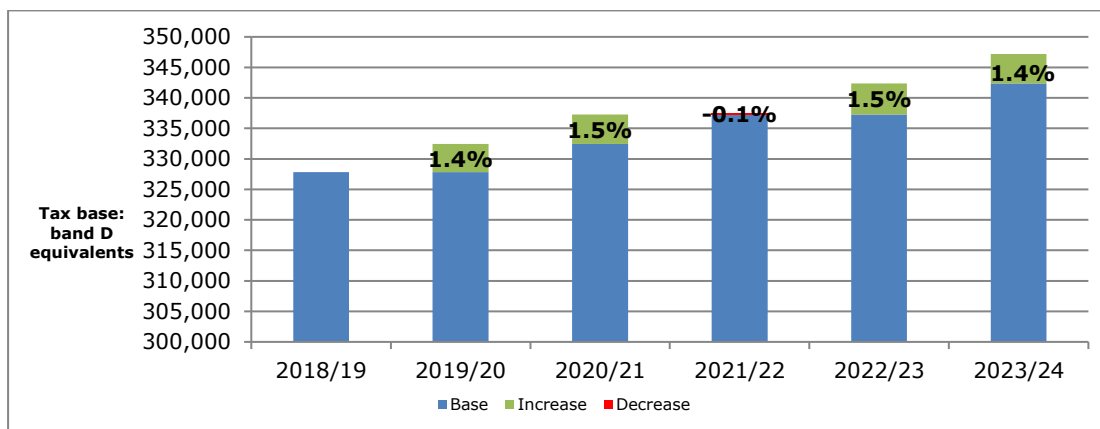
Council Tax

- 3.12 The income generated from the Council Tax is determined by the level of the tax and the number of properties paying the tax – the tax base. It currently accounts for 30% of the County Council’s income and for every 1% increase generates additional income of £5.7m.
- 3.13 The ability for councils to increase the amount charged to residents is subject to a limit set by Government each year and beyond which a referendum must be held. For 2023/24, the threshold for general expenditure is 3%. Financial plans assume that this level of increase remains for the current Spending Review period only, thereafter (2025/26 onwards) 1.99% has been assumed in financial plans.
- 3.14 In 2016/17, the Government gave authorities with Adult Social Care responsibilities, such as the County Council, additional flexibility to levy an additional precept on the council tax to fund Adult Social Care costs. For 2023/24, the maximum increase was set at 2%. It is unclear if the precept will remain in place beyond the current Spending Review period and therefore no assumption has been included for 2025/26 onwards.

Local Tax Base

- 3.15 The Council Tax base is the number of properties in Bands A to H in the County Council area expressed as an equivalent number of Band D units. This is provided by the Boroughs and Districts who are required to set the council tax base by the 31 January each year and report to government. Prior to this, the County Council makes an assumption of tax base growth based on historic trends and any known changes. For future planning, and in recognition of the current economic conditions and the potential for house building to slow down, as well as local issues such as water neutrality, a growth assumption of 1.2% has been applied for 2024/25 onwards. An illustration of tax base growth in recent years is shown in figure 2 below:

Figure 2: Change in the County Council's tax base



Collection Fund

- 3.16 The Collection Fund is a separate ringfenced account operated by the district and borough councils, who are the authorities responsible for collecting Council Tax and business rates. As the actual tax collected may be more or less than expected, any surplus or deficit is managed through the Collection Fund.
- 3.17 In 2022/23, following a review of the authority's reserves, a separate Business Rates and Collection Fund Smoothing Reserve was established. The balance as at 1st April 2023 is £9.8m. Any year end surpluses are added to this reserve which will be then used to manage any future deficits on the collection fund from 2023/24 onwards. At this stage there is no planned use of the reserve.

Fees and Charges

- 3.18 The Localism Act 2011 and Local Government Act set out the general legal framework regarding charging for services. As well as this, there are various other specific legal provisions and local policy objectives that determine which services are charged for and the level of the charge.
- 3.19 There are three broad categories of fees and charges:
- Statutory fees and charges – these are set by relevant national bodies, usually with a regulatory responsibility for the service which must be adhered to,
 - Cost recovery – a fee or charge levied to ensure the cost of the service provided is fully recovered,
 - Subsidised – where the County Council has decided to subsidise a service when setting the related fees and charges.
- 3.20 For planning purposes, it is assumed that discretionary fees and charges will increase in line with September RPI. Current fees and charges are published [here](#) and a schedule of the fees and charges for 2024/25 will be approved as part of the budget setting process in February 2024. The

exception to this is car parking fees which are set early Autumn each year with new charges taking effect from 2nd October.

- 3.21 Given the reliance on income to protect essential services and the financial challenges facing the County Council, during 2023/24, the Council will explore opportunities to review existing fees and charges to ensure that they are appropriate and are reflective of costs being incurred but also explore opportunities for new charges. This will also include considering how income is collected to ensure it is easier for customers to pay their bills and to reduce the County Council's levels of debt from income owed.

Investment Income

- 3.22 Income from investment of available cash balances can make a significant contribution to the Council's financial position and is directly impacted by macro-economic conditions. With interest rates remaining high during 2023/24, investment income is expected to exceed the current budget for the year. The latest forecasts by the Office for Budget Responsibility (OBR) forecast rates will start to decline again in early 2024 which will see investment income levels reduce to around 3% in the longer term. These lower levels have been assumed in financial plans from 2024/25 onwards.
- 3.23 The Council's Treasury Management Strategy provides the framework that the Council operates within to maximise these returns prudently and is reviewed annually as part of the budget setting process. The next iteration will be presented to full Council in February 2024. The mid-year review of performance against the 2023/24 strategy will be reported to the Performance and Finance Scrutiny Committee in December 2023.

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ANNEX 4: SPENDING PRESSURES 2024/25 ONWARDS

4.1 Many of the pressures seen throughout 2022/23 are anticipated to continue into 2023/24 and beyond and these have been considered in the context of the overall position. The main known pressures are as follows:

Pay

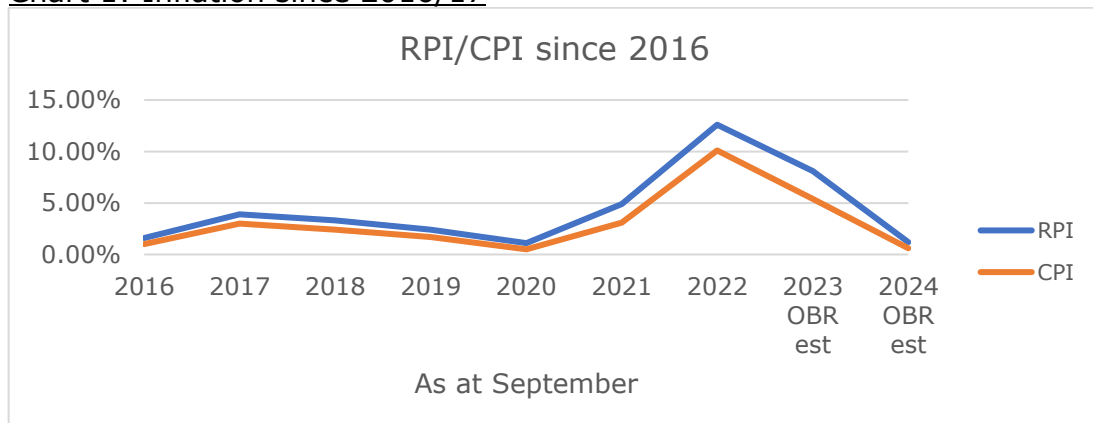
4.2 The County Council employs 5,414 FTE, excluding schools, and has a pay budget for 2023/24 of around £270m. Annual pay awards are determined by national and local agreement which are invariably confirmed post the annual budget approval. In the absence of the known pay uplift, an assumption is applied based upon recent awards. For planning purposes, it is currently assumed that the 2024/25 pay will rise by 3%. The cost of a 1% pay award is approximately £2.7m. Increases of 2% are assumed from 2025/26 onwards.

Price inflation

4.3 Over recent years, economic conditions such as the impact of the global pandemic, the UK’s exit from Brexit and the war in Ukraine have resulted in economic uncertainty and high inflation. The latest forecasts from the Office of Budget responsibility (OBR), published in March 2023, predict that CPI inflation will more than halve in 2023 and reduce to 2.9% by the end of the year. With levels continuing to be high it is difficult to see this can be achieved but for planning purposes, and in line with the inflation policy, the OBR’s forecast as at September 2023 (quarter 3) has been applied to price inflation for 2024/25, as follows:

- For areas of discretionary spend, the CPI forecast of 5.4% has been assumed.
- High Value Contracts have been determined according to the OBR forecast of the specific index in the contract (predominantly RPI of 8.1%).
- Fees and charges and other areas of income have also been increased in line with the OBRs forecast for RPI – 8.1%.

Chart 1: Inflation since 2016/17



- 4.4 The latest OBR forecast (March) showed the target level inflation of 2% would be achieved by 2024 but given the current economic environment it remains unclear if this is realistic. Given the level of uncertainty, the government's target level of 2.0% has currently been assumed for price and income inflation in 2025/26 and this will be kept under review over the coming months.

Service Pressures

Demand and Complexity of Need in Adults

- 4.5 The budget is built on estimates around demographic growth and any deviation from these estimates could present a risk and therefore additional costs.
- 4.6 The latest census figures show that the county has a higher proportion of over 65-year-olds than the national and regional averages and therefore future demand for social care from increasing population needing support may create pressures. However, it is not just increasing numbers that are a pressure - people are living longer and with increasing complexity of need. This is increasing the average cost of a care package at a rate greater than inflation.
- 4.7 The adult social care market continues to operate in challenging circumstances; particularly due to staff shortages and increasing demand. The short-term funding which Government is making available for hospital discharge is contributing further towards an imbalance of demand and supply. Consequently, when new placements are being made, especially for residential, prices are continuing to rise with very few providers now prepared to accept the County Council's usual maximum rates. This is also a reflection of the level of demand from a buoyant self-funder market, which makes the County Council a minority purchaser of care in West Sussex. None of these cost drivers are likely to reduce during the foreseeable future.

Adult Social Care Reforms

- 4.8 The social care reforms in adults have been confirmed as delayed for two years but if they are implemented in 2025, it is not known whether additional funding will be available. The funding Government had set aside for Local Authorities and the reforms has been provided from 2023/24 and is being used to fund more general adult social care pressures. Therefore, if the reforms are implemented from October 2025, Government will need to provide new monies if social care is going to remain financially sustainable. Financial Plans therefore currently assume that the cost of implementing the reforms will not add any further pressure on the Council's financial position.

External Placements for Children We Care For (CWCF)

- 4.9 The biggest pressure within Children and Young People continues to be the number, type and cost of placements. The County Council has an ambitious plan to reduce the proportion of Children We Care For in external residential placements from 15% to 10% by the end of 2024/25 which would be more in line with statistical neighbours. However, despite the corrective action, the conditions within the children's placement market are extremely challenging and there is a risk this 10% target will not be achieved until at least 2025/26. If this is the case, the current additional budget assumed for 2024/25 will not be sufficient and additional money may need to be identified for this service.

Cost of Children in Secure or Specialist Placements

- 4.10 A number of unique high-cost care arrangements have had to be put in place with costs exceeding £5m per placement for 2022/23. These high-cost placement arrangements generally do not last for extended periods of time, with the average last year being 33 days. However, they are volatile by the very nature of the issues being managed and while it is not possible to predict them, they are likely to continue to be a pressure into future years.

Learning and Skills

- 4.11 West Sussex County Council has a statutory requirement as per the Children and Families Act and Special Educational Needs and Disability Regulations 2014 to complete an Education Health and Care Needs Assessment (EHCNA) for individuals that meet the criteria defined within the act. However, due to the increase in the number of EHCNA requests that are being received and a national shortage of Educational Psychologists the volume of assessments taking longer than the statutory 20 weeks to complete has escalated, with the current average being 40 weeks. Additional resources will therefore be required to tackle both the backlog over the next 12 to 18 months and the higher level of requests on a continuing basis.
- 4.12 The Home to School Transport service overspent by £2.8m in 2022/23 due to a combination of growth in pupil numbers and increasing contract prices. Soaring fuel costs and increases in the minimum living wage meant that a number of taxi companies handed back some school routes. Although inflationary pressures are expected to ease in 2023/24 the growth in SEND pupils requiring transport is expected to continue.

Highways

- 4.13 The Highways budget remains under pressure as a result of extreme weather events experienced over the last year leading to a significant number of issues and defects on the network. The 2023/24 budget includes an additional one off funding of £4.5m. Additional resources are likely to be required to continue to tackle the issues and are currently being considered as part of the budget for 2024/25. With significant backlogs (currently estimated in excess of £150m for carriageways), investment over a number of years may be needed in both capital and revenue.

Levies

- 4.14 The County makes payments to outside organisations where it is required to meet the levy or Precept requested under the relevant legislation. For 2023/24 the current levies total £2.0m and financial plans assume these will increase annually in line with September CPI.

ANNEX 5: RISK MANAGEMENT - RISKS OVER THE MEDIUM TERM

- 5.1 Full details of the financial risks facing the County Council were set out in the 2023/24 budget report in February 2023. Many of these remain current but there are some where more details are known and therefore an update is provided in this annex.

Health

- 5.2 The entire health and social care system in West Sussex is under extreme pressure. The underlying causes, especially workforce and market-related factors, are similar across both parts. Compounding the situation, the Integrated Care Board (ICB) faces significant financial challenges of its own, which it is needing to manage in the context of sustained Government scrutiny about rates of hospital discharge. This has potential to transfer financial risk to the County Council but work will continue to develop a collaborative approach to working with health through these challenging times.

Climate Change

- 5.3 Protecting the environment remains a WSCC priority as outlined in the Council Plan and the Climate Change Strategy (CCS). To achieve carbon emission reductions and create related benefits of mitigating climate change will involve redesigning services and adapting infrastructure to take climate change into account. The WSCC Climate Action & Adaptation Plan (CAAP) is being developed throughout 2023 and is the County Council's first roadmap for achieving the goal of carbon neutrality from the council's operations from 2030 and for increasing its resilience and ability to respond to the impacts of climate change. This will be underpinned by a funding and investment strategy. External funding sources will continue to be explored but it remains a risk that further investment in both capital and revenue may be required.

Recruitment and Retention

- 5.4 The County Council continues to face recruitment and retention challenges that have been growing over recent years but may be further exacerbated by the wider job market conditions.
- 5.5 There are a number of actions being undertaken to reduce vacancy levels and turnover including international recruitment, increasing the capacity and skills within the Recruitment team, engaging with candidates in a different way, benchmarking reviews of pay and terms and conditions and optimising use of apprenticeships and ensuring career pathways for staff to develop their skills. The impact of these actions will continue to be monitored.

Delivery of savings

- 5.6 As reported in the Q4 Performance and Resources Report (PRR), £10.2m of savings were undelivered as at the end of March 2023. The majority

(£8.8m) of these relate to Adults Services and the delays in the delivery of these savings are largely as a result of challenges relating to workforce and vacancy levels within social work and occupational therapy. The Medium-Term Financial Strategy (MTFS) assumes the savings will be delivered by 2024/25 and while the plans in place are well developed, the external environment surrounding the social care market makes the outcome inter-dependent on factors that are not within the Council's direct control. Any non-delivery or delays in the delivery of savings will risk adding further pressure to the financial position.

Identification of Savings

- 5.7 Looking forward, based on the latest information, there is a budget gap of £43m for 2024/25 and 2025/26; savings or increased income to this level will need to be identified for a balanced budget to be set. Work has commenced but there is a risk that insufficient reductions can be identified or reductions to this scale may require a change in services provided or how they are provided.

ANNEX 6: SCHOOLS' BUDGET

- 6.1 The Dedicated Schools Grant (DSG) is a specific ring-fenced grant received by local authorities to fund schools and central expenditure supporting the school's budget. The grant also includes a High Needs Block, to fund pupils with special educational needs and Early Years Block for two, three and four year olds in nursery and associated provision.
- 6.2 The settlement for 2023/24 increased the DSG by **£48.7m** (6.7%) to **£775.8m**.

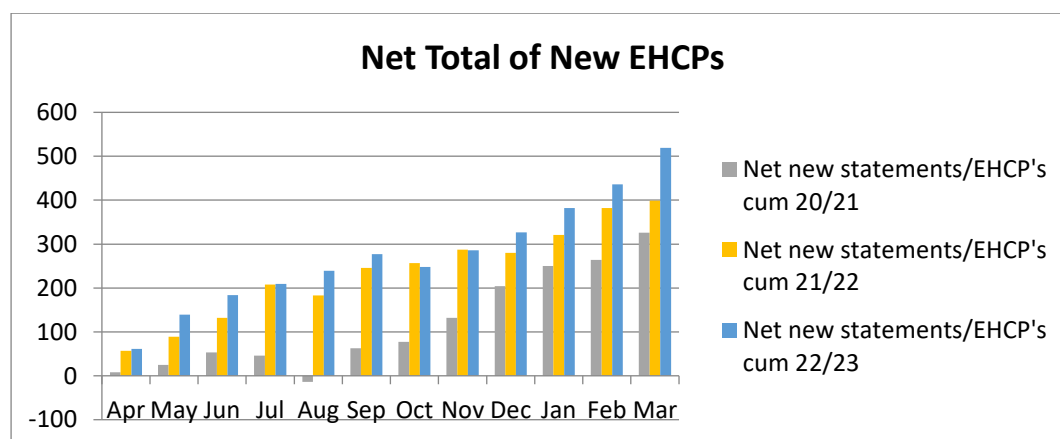
Item	2022/23 £m	2023/24 £m	Change £m	Change %
Schools Block	553.984	587.079	33.095	5.97
High Needs Block	112.052	124.113	12.061	10.76
Early Years Block	54.321	57.620	3.299	6.07
Central School Services Block	6.758	7.005	0.247	3.65
Total	727.115	775.817	48.702	6.70

- 6.3 Funding pressures affecting the High Needs Block within the DSG have continued to grow since the implementation of the Children and Families Act 2014. This has increased requests for:
- Education Health and Care Needs Assessments (EHCNAs);
 - pre-16 specialist placements (special schools, Special Support Centres (SSCs) and Independent and Non-Maintained Special Schools (INMSS));
 - post-16 High Needs placements in special schools, colleges of Further Education or Independent Specialist Providers (ISP); and
 - personal budgets and exceptional needs expenditure to meet very complex needs.
- 6.4 Back in March 2015 there were 3,423 children and young people with EHCPs, and since that time those numbers have risen to 6,510 in March 2022 – an increase of 3,087 (90.2%). During 2022/23 this number rose by a further 519 to 7,029.

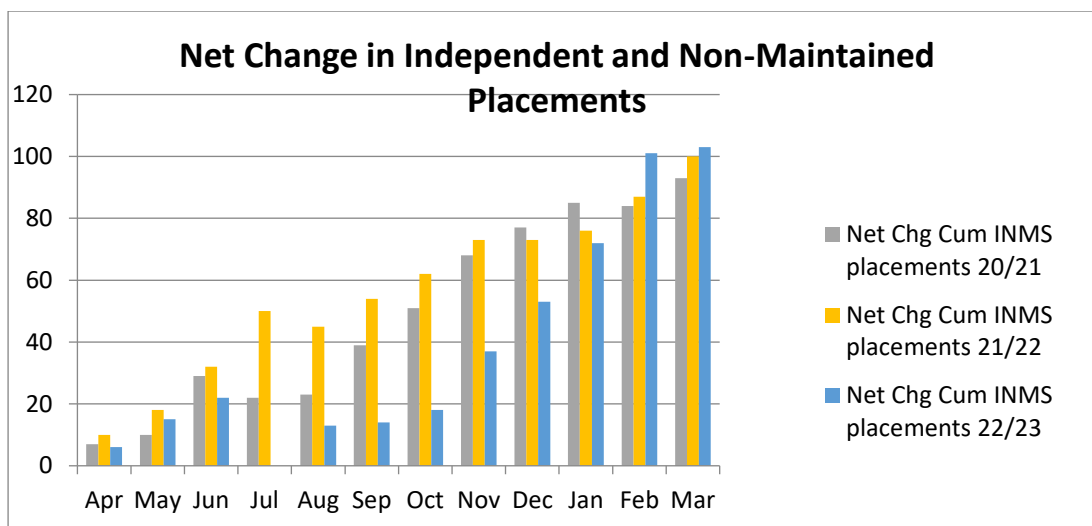
Number of EHCPs	Mar 22 No	Mar 22 %	Mar 23 No	Mar 23 %	Change No	Change %
Mainstream	1,988	30.5	2,129	30.2	141	7.1
SSCs	357	5.5	354	5.0	-3	-0.8

Special Schools	1,916	29.4	1,947	27.8	31	1.6
INMS	715	11.0	818	11.6	103	14.4
Post School	1,215	18.7	1,327	18.9	112	9.2
Early Years	36	0.6	19	0.3	-17	-47.2
Alternative Provision	16	0.2	20	0.3	4	25.0
Other	267	4.1	415	5.9	148	55.4
Total EHCPs	6,510	100.0	7,029	100.0	519	8.0

- 6.5 The net growth in the number of pupils with an EHCP has continued to grow at a faster rate since the Covid pandemic in 2020, and the 519 increase over the last year is on a par with the level of annual growth in 2019/20 (518).

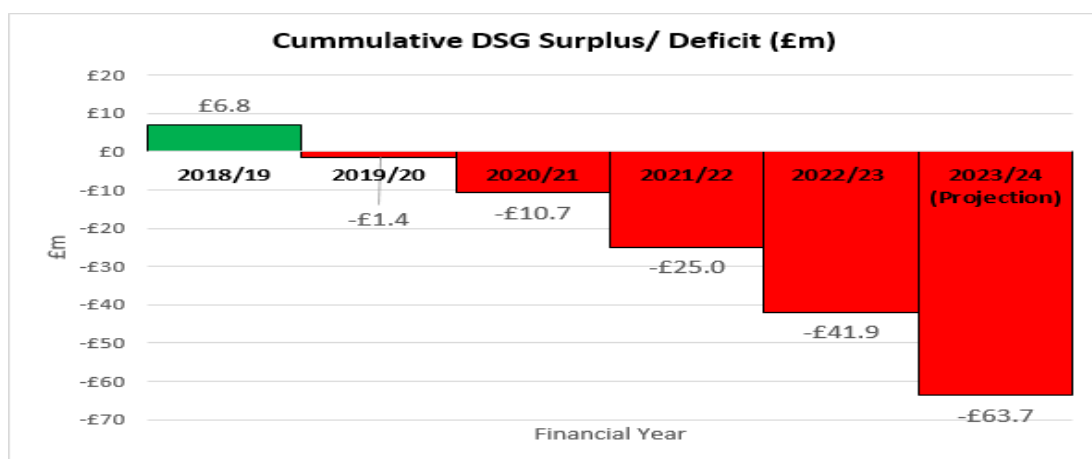


- 6.6 The Council is expecting overall EHCP numbers to continue to rise sharply as the backlog of ECHNAs is currently in excess of 400, predominately as a result of resourcing issues within the Educational Psychology Service. Whilst ways of reducing this number are currently being investigated, it is currently anticipated that this backlog will continue to increase in the short term.
- 6.7 Although total EHCP numbers went up by 8.0% last year, the number of pupils in Independent and Non-maintained Sector (INMS) settings, in particular has continued to rise at a much higher rate (14.4%). These placements are the most expensive (at an average cost of £50k per annum) and have increased by 296 from 522 to 818 over the last 3 years.



6.8 The continued growth in the number of INMS placements has meant that these placements now total 11.1% of the total number of pupils with an EHCP, compared to the rate of 8.8% back in March 2020. This has meant that although EHCP pupil numbers have increased by 8% year on year, high needs expenditure has been increasing at a much higher rate.

6.9 The County Council’s DSG reserve went into deficit for the first time at the end of 2019/20 and has grown each year since. At the end of 2022/23 this deficit stood at £41.9m, and with continuing pressure on the high needs budget this deficit is expected to reach £63.7m by the end of 2023/24.



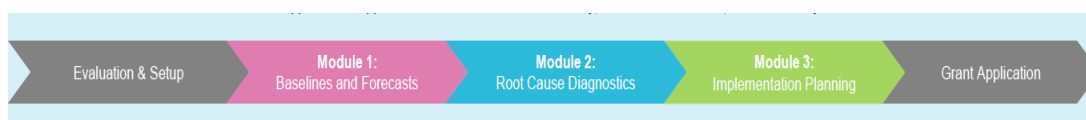
6.10 The Government has confirmed that the statutory override for this deficit to remain off the County Council’s balance sheet will continue for a further three years but with increasing pressures in this area within West Sussex and across the country means there remains much uncertainty and financial risk beyond 2025/26. The County Council would not be in a position to fund either the deficit or the in-year spending pressures without compromising its financial sustainability.

6.11 West Sussex County Council is part of the next tranche of the Delivering Better Value initiative by the Department for Education (DfE). Delivering Better Value (DBV) is defined by the DfE as “a programme working to

identify and implement local and national opportunities to improve the outcomes for children and young people with SEND” and is designed to deliver the following support:

- Short term help – to identify sustainable changes in each local authority that can drive high quality outcomes and provide support in building an evidence-based grant application to assist with the implementation of these changes; and
- Informing longer term reform – build an objective evidence base across a third of the sector which can be used to inform future policy and reform, share best practice and inform future national programmes of similar scale and intent.

6.12 The DBV programme is being delivered over a 6-month period through a modular approach to ensure a structured and complete review and planning process. An overview of the modules is detailed below.



6.13 The methodology utilised by DBV uses data to focus on high impact areas. The initial findings from module 1 can be summarised as follows

- Main areas of expenditure are INMSS, Special Schools and Mainstream support.
- Low proportion of growth in pupils with an EHCP occurring in mainstream schools.
- Average annual cost of an EHCP is increasing, as the proportion of pupils with an EHCP within mainstream decreases and those within INMSS increases.

6.14 Further data regarding these initial findings has been collated and analysed over the last couple of months as part of the 'Module 2-Root Cause Diagnostics'.

6.15 The programme is currently now in 'Module 3 – Implementation Planning' and the County Council is currently putting together its overall findings and proposed mitigation actions in order to report back to the DfE and apply for a £1m grant in order to help with the implementation of the mitigations. The final report and supporting grant claim should be completed in the next month.

6.16 In addition to this, and in order to make the step change required to recover from the increasing deficit in the High Needs DSG Block, capital investment is also required to continue making adaptations in mainstream schools to accommodate a wider variety of needs and to increase the number of specialist school places within the county. This will enhance the choices for children with special educational needs. Proposals for the 2024/25 capital programme will be considered over the summer months and initial recommendations will be presented to Cabinet in the Autumn

ahead of the final Capital Programme being presented for approval in February 2024.

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**Key decision: Yes
Unrestricted
Ref: CAB04 (23/24)**

Report to Cabinet

25 July 2023

West Sussex County Council Digital Infrastructure Strategy 2023 - 2030

Report by Director of Place Services

Electoral division(s): All

Summary

[Our Council Plan \(2021-2025\)](#) and [Economy Plan \(2021-2024\)](#) contain strategic commitments to improve digital infrastructure in the County. These are being delivered by the council's Digital Infrastructure Team which is working with District and Borough councils to achieve countywide coverage of gigabit-capable broadband and accelerate investment in infrastructure that can enable sustainable economic growth, societal and environmental outcomes and better public services.

The Digital Infrastructure Strategy (2023-2030) sets out in more detail what the council intends to do to ensure connectivity is future-ready and capable of underpinning a strong and vibrant economy that attracts businesses and people to visit, live and work in West Sussex. This countywide strategy will be led by West Sussex County Council (WSSCC) working in partnership with District and Borough councils.

The Strategy also serves to invite partners in Government, the telecoms market, industry, and academia to collaborate creatively with the County Council to drive digital connectivity forward at scale and pace.

Recommendation

The Cabinet is asked to endorse the West Sussex County Council Digital Infrastructure Strategy 2023-2030.

Proposal

1 Background and context

- 1.1 Since 2013 West Sussex County Council has been leading on delivering improved digital connectivity in the county, initially partnering with central government's national Broadband Delivery UK programme and Openreach to maximise coverage of 'superfast' broadband.

Agenda Item 5

Since 2018 WSCC has delivered a countywide agenda in partnership with District and Borough Councils to accelerate investment in fibre broadband via the West Sussex Full Fibre Programme which was refreshed in 2021 to the OpenDigital programme. This Digital Infrastructure Strategy builds on the successful foundation of partnership working with the district and borough councils of West Sussex.

- 1.2 WSCC continues to recognise the importance of high quality, accessible and affordable digital infrastructure in supporting the county's future growth. Our aim is to move beyond ensuring consumers have access to broadband services at home and work (fibre to the premises/home products) and to realise a broader regional landscape of digital connectivity that will support businesses and sectors to innovate and grow sustainably. As councils, we play a fundamental role in shaping our digital future by lowering barriers to entry for commercial investment, creative pathfinding with private and public partners, and leading on sustainable digital placemaking.
- 1.3 We are building on a bedrock of strategic investment in fibre broadband which we have steered both publicly and commercially in providing connections to homes and businesses, and increasingly we are accelerating mobile network operators' interest in expanding mobile coverage in the county and are now exploring wireless opportunities.
- 1.4 The Government's Digital Strategy (October 2022) and subsequent Wireless Infrastructure Strategy (April 2023) both emphasise the need for 'world class digital infrastructure' to underpin its ambitions to develop into a global science and technology leader, as well as to create economic resilience, connected communities and achieve carbon neutrality. Both strategies recognise the important role Local Authorities play in championing local digital agendas, increasingly moving beyond ensuring equitable broadband and mobile coverage to leading initiatives to accelerate commercial deployment of advanced technologies (5G, future 6G, IOT (Internet of Things) and AI (Artificial Intelligence)) by working with the market to aggregate demand and ease deployment of connectivity.
- 1.5 The Government's Wireless Infrastructure Strategy (WIS) places 5G and future 6G technologies front and centre of its strategy which is aimed at securing nationwide coverage of 'standalone' 5G by 2030 and preparing for further generations of connectivity.
- 1.6 The purpose of the Council's Digital Infrastructure Strategy is to:
- 1.7 show Government that we continue to be forward thinking, collaborative and able to work strategically at a regional level and demonstrate leadership in the digital space
- 1.8 show funders that we welcome innovation, are agile and have strong delivery partnerships

- 1.9 make a clear statement to the telecoms market that we want to continue to work with them to successfully enable commercial investment and are mature in this respect
- 1.10 signal to investors that we understand the importance of well-planned future-ready digital infrastructure when making commercial investments
- 1.11 show residents and businesses that we are continuing to work hard on improving connectivity in the harder to reach areas
- 1.12 signal to all that we embrace new and emerging digital technologies (eg 5G, satellite and wireless solutions) that will unlock benefits for individuals and enable growth as a region.

2 Proposal details

- 2.1 New technologies are emerging, government focus and funding is increasingly prioritising innovation to support the country's economic growth. West Sussex needs to show its continued leadership of the digital agenda if it is to attract inward investment and support the county's economy.
- 2.2 Our digital infrastructure strategy sets out ambitions for the county aimed primarily at DSIT (Department for Science, Innovation and Technology), funders, suppliers, investors as well as being accessible to business and residents in terms of current and future connectivity needs. It has 3 strategic priorities:
 - **to enable future-ready infrastructure that will support our diverse economy and stimulate growth and innovation**
We will plan for future demand, consider next generation solutions and work creatively across sectors enabled by our open access approach including fibre, dark fibre and 5G networks.
 - **to enable the creation of connected places, unlocking value for communities, businesses, public services and the environment**
We will enable infrastructure deployment needed to unlock the economic, societal and environmental benefits associated with smart places now and in the future. This includes the digital foundations that can enable digital public services and public sector innovation.
 - **to improve access to connectivity in hard-to-reach areas, reducing the digital divide and unlocking the potential of our rural economy**
We will explore alternative local connectivity solutions that make a real difference in the short term while waiting for BDUK's¹ national Project Gigabit.
- 2.3 The OpenDigital programme led by WSCC, working in partnership with District and Borough councils will be the vehicle for delivering the strategy. This programme will continue to be led by WSCC's Digital Infrastructure Team. Delivering through this open framework has already had positive outcomes for

¹ Building Digital UK, an executive agency, sponsored by DSIT

West Sussex which can be scaled up by continuing to work collaboratively across the private and public sectors.

3 Other options considered (and reasons for not proposing)

- 3.1 DSIT is our primary funding source and expects to award funding to Councils that are able to demonstrate strategic digital plans within a regional and UK context. If WSCC does not share its digital infrastructure ambitions through the Digital Infrastructure Strategy, opportunities to secure external funding to support innovation and economic growth will be impacted. Potential commercial investors in fixed broadband, mobile and wireless services may also be deterred. Without an understood countywide approach, it is likely that District and Borough Councils would equally be constrained in attracting digital funding, thereby significantly impacting economic growth and reducing the county's attractiveness to inward investors.

4 Consultation, engagement and advice

- 4.1 The Digital Infrastructure Strategy has been created in consultation with partners in the countywide OpenDigital Programme including District and Borough Councils, central government through the former Department for Digital, Culture, Media and Sport (DCMS) and Building Digital UK (executive agency of DCMS, now Department for Science, Innovation and Technology, DSIT), market engagement with broadband, mobile operators and representatives from the Independent Networks Cooperative Association and Cooperative Network Infrastructure.
- 4.2 Comments have been sought from the Performance and Finance Scrutiny Committee and shared with the Cabinet Member responsible for Digital Infrastructure. Comments will be fed back verbally at the Cabinet meeting on 25 July 2023.
- 4.3 WSCC continues to have ongoing dialogue with specialist leads in DSIT, now home to Government's policy on digital connectivity. Our Digital Infrastructure strategy aligns with the Government's own ambitious strategic approach and signals our ability to not only keep pace but continue to demonstrate our forward thinking in defining the county, and the wider region's, digital futures.

5 Finance

- 5.1 The WSCC Digital Infrastructure Team and its District and Borough partners have a successful track record in securing competitive funding and commercial investment to grow the county's digital infrastructure. The Digital Infrastructure Strategy will help us build on these successes and leverage further opportunities.
- 5.2 The Digital Infrastructure Strategy will be delivered by the OpenDigital programme led by the WSCC Digital Infrastructure Team working in partnership with District and Borough councils and closely with Government and with the telecoms industry.
- 5.3 The OpenDigital programme is funded partly through the County Council's base budget (core team funded at £377K in 2023/24) and the 2019/2020 Retained

Business Rates Pilot awarded to the 8 councils of West Sussex^[2] in a pooled arrangement by the then Ministry of Housing, Community and Local Government (MHCLG). Funding through the business rates pool is secured until 2025. Beyond 2025, further funding will continue to be sought from external sources to finance capital investments in delivery projects and/or resources required for delivery or, if not successful, will be considered as part of the Council's annual budget setting process.

- 5.4 The WSCC Digital Infrastructure Team leading on the delivery of the strategy is comprised of both permanent core staff and fixed flexible term staff to allow for resourcing flexibility as projects develop.

6 Risk implications and mitigations

Risk	Mitigating Action (in place or planned)
Not attracting investment in future-ready digital infrastructure	The Digital Infrastructure Strategy outlines how WSCC will continue to work with public funding and private investors to accelerate the deployment of broadband and mobile connectivity, ensuring that the county's diverse economy is supported to grow, and businesses are able to innovate. The Strategy shows the countywide digital agenda is forward thinking and progressive with WSCC taking a strategic lead, a key component in attracting central government funding and ongoing dialogue with telecommunications suppliers.
Potential reputational risk of supporting 5G deployment	Commercial plans by operators to deploy 5G services has met with some community resistance and some planning applications for telecommunications equipment have not been approved based on local opposition. WSCC supports deployment of 5G and will influence positively the investment decisions of suppliers via appropriate programmes of work that enable the delivery of the Digital Infrastructure Strategy. Deployment will align with the government's ambition for nationwide coverage of 5G by 2030: UK Wireless Infrastructure Strategy - GOV.UK (www.gov.uk) Communications Strategy will manage risk to WSCC's reputation by sharing national public health guidelines and explaining the technology and demonstrating benefits realised in the county.

^[2] Adur and Worthing Councils, Arun District Council, Chichester District Council, Crawley Borough Council, Horsham District Council, Mid Sussex District Council, West Sussex County Council.

Risk	Mitigating Action (in place or planned)
Digital divide growing faster in rural areas	The Strategy prioritises improving access to digital connectivity in rural areas to reduce the digital divide and unlock the potential of the county’s diverse rural economy. Action includes lowering barriers to commercial investment by identifying and aggregating demand for services as well as supporting central government’s Project Gigabit to build fibre broadband services in hard-to-reach areas and exploring alternative methods of publicly funded connectivity in the meantime.

7 Policy alignment and compliance

- 7.1 Our Council Plan – recognises the importance of future-ready digital infrastructure in supporting a sustainable and prosperous economy. The plan outlines working with the government and telecommunications market to accelerate investment in gigabit-capable digital infrastructure and support economic growth and innovation. WSCC’s activity to lower barriers to commercial investment includes amending local policy to enable the siting of telecommunications equipment on publicly owned land and assets. In addition, digital connectivity has been identified as an increasingly important lever for economic development, regeneration and growth in feedback from the businesses.
- 7.2 Legal implications – The Council does not have statutory and legal responsibilities with respect to increasing digital infrastructure in the county. The Strategy aligns with central government policy (Digital Strategy 2022, UK Science and Innovation Framework 2023 and Wireless Infrastructure Strategy 2023) and will adapt to reflect relevant public legislation such as the Electronic Communications Code (amended 2022).
- 7.3 Equality duty and human rights assessment – The Strategy prioritises activity to enable connected spaces that serve both the people and places of West Sussex, ensuring digital equality for all. This includes reducing the digital divide in rural areas of poor connectivity to tackle both disadvantage and inequality based on lack of access to online products, services and relevant public services. Projects and activities delivered via the Strategy are intended to improve digital connectivity for residents and businesses individually and collectively, as well as at public sites.
- 7.4 Climate change – The Strategy supports commitments in the council’s ambitious Climate Change Strategy to reduce carbon emissions to net zero by 2030. Projects and activities delivered via the Strategy will support carbon-saving opportunities such as reduced commuter travel and flexible working across the county by enabling remote working online, together with environmental monitoring that can support biodiversity and carbon capture. Commercial land and sea activities such as food production and logistics can also be supported to reduce carbon emissions.
- 7.5 Crime and disorder – The Strategy enables digital infrastructure that is available for the public sector to work with other agencies e.g. Police and public safety teams to enable positive actions to increase community safety. Also, to

plan better public protection by enabling real time monitoring and analysis of data that predicts risks e.g. at crowded events or environments.

- 7.6 Public health – The Strategy enables digital infrastructure that is available for the public sector to work with other agencies e.g. NHS, Charities, Community Groups, Environment Agency to enable positive actions to increase Public Health outcomes e.g. by sharing OpenData that makes air and water quality monitoring visible, supporting the coordination of active travel schemes and healthy public spaces.
- 7.7 Social value – The Strategy’s purpose is to achieve countywide coverage of gigabit-capable digital connectivity and accelerate investment in infrastructure that can support sustainable economic growth and enable innovation ecosystems as well as positive action on climate change, habitat restoration and provide for better public services. Additionally, procurement of any contract awarded for the purposes of building gigabit-capable digital infrastructure will include requirements around local employment and local access to improving digital skills and increasing learning opportunities.

Lee Harris

Director of Place Services

Contact Officer: Sarah Bazen Sarah.bazen@westsussex.gov.uk, 0330 2222 374

Appendices

Appendix A: Digital Infrastructure Strategy 2023-2030

Background papers

None

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West Sussex OpenDigital – Digital Infrastructure Strategy (2023-2030)

Connectivity for people, places and things

Introduction

Connectivity between people, places and things is a feature of our everyday lives, working best when we don't have to think about how we access it. Connectivity opens opportunities for new insights, new learning, new conversations, allowing us to do things differently. It creates networks. Quite simply, being connected enables us to do things better together - solve problems, create experiences, enhance lives, preserve and build on what is important to us.

Our ability to connect to each other and the world around us is already unlocking huge potential for new applications, changing the way we live. We continue to see the emergence of innovative uses for connectivity in everyday life and commercial applications, such as automation across industry, machine learning and predictive modelling to help us plan, widespread use of sensors to monitor our urban and natural environments for example the flow of traffic, how we power our homes, our biodiversity. These innovations can increase productivity, conserve resources, create high quality employment opportunities and attract inward investment.

As connectivity becomes increasingly important to us all, it is vital that it is underpinned by scalable, resilient and sustainable digital infrastructure. West Sussex County Council, together with the county's District and Borough councils recognise the importance of high quality, accessible and affordable digital infrastructure in supporting the county's resilience, enabling sustainable growth and responding to environmental challenges.

As councils, we play a fundamental role in shaping our digital future by lowering barriers to entry for commercial investment, creative pathfinding with private and public partners, and leading on sustainable digital placemaking. Working together, West Sussex councils¹ have already successfully accelerated telecoms commercial investment in recent years and will continue working with the market and with Government to increase fibre and mobile infrastructure in both rural and urban areas. Together we have made available public sector assets for the siting of mobile telecoms equipment; co-ordinated joint digs with developers and fibre network builders to lay infrastructure in challenging environments; we have laid open-access duct and dark fibre for telecoms providers to use to reach businesses and homes; and we have funded connectivity vouchers for businesses and rural communities.

West Sussex County Council is committed to leading a county-wide agenda to improve digital connectivity, as set down in the WSCC Council Plan (2021-2025²) and Economy Plan (2021-2024³). This Digital Infrastructure strategy sets out in more detail what we intend to do to ensure our connectivity is future-ready, capable of underpinning a strong and vibrant economy that attracts businesses and people to visit, live and work here. We look forward to continuing this exciting journey into our digital future and invite partners to work creatively with us to drive our digital connectivity forward at scale and pace.

¹ The eight West Sussex local authorities (Adur District Council, Arun District Council, Chichester District Council, Crawley Borough Council, Horsham District Council, Mid Sussex District Council, Worthing Borough Council and West Sussex County Council)

² [Our Council Plan - West Sussex County Council](#)

³ [Economy Plan - West Sussex County Council](#)

Strategic priorities

Our ambition is to ensure that we have the digital infrastructure needed to support our economy to thrive, to improve our quality of life and to protect our natural environment. We will continue to build on our solid foundations to further enable innovation, efficient use of resources, productivity gains, connected spaces, people and things.

Our strategic priorities are:

- **to enable future-ready infrastructure that will support our diverse economy and stimulate growth and innovation**
- **to enable the creation of connected places, unlocking value for communities, businesses, public services and the environment**
- **to improve access to connectivity in hard to reach areas, reducing the digital divide and unlocking the potential of our rural economy**

We will deliver these priorities by working with partners across the public and private sectors through our established OpenDigital programme. We will build on previous investments such as our West Sussex Full Fibre Programme national pilot Gigabit Framework, our dark fibre OpenNetwork, the county's OpenAsset approach to street furniture, and BDUK's⁴ national Project Gigabit for hard-to-reach areas. We will also expand our programme to include new areas of work such as accelerating infrastructure that can enable innovation ecosystems, including the role of open data in public and private sector innovation; enabling connectivity that supports environmental action on climate change, habitat restoration; facilitating networks that enable better public services and create more opportunities for commercial investment.

Work we will continue

All 8 West Sussex councils have been working effectively together for several years already making the best use of resources and securing value for money to deliver our digital ambitions. We have successfully built a strong partnership able to plan and deliver shared strategic outcomes in alignment with local priorities.

We will continue to work together with committed leadership from West Sussex councils' Chief Executives and Leaders. By building on our OpenDigital partnership foundations, together we will develop further convergence across partners to improve digital connectivity across the county.

In recent years we have worked collaboratively to develop a diverse local and regional telecommunications market including a substantial number of alt nets (alternative network providers). We bring diverse stakeholders together, aggregate demand for connectivity and

⁴ Building Digital UK (BDUK) is helping to bring fast and reliable broadband and mobile coverage to hard-to-reach places across the UK - transforming people's lives. BDUK is an executive agency, sponsored by the [Department for Science, Innovation and Technology](#)

in some circumstances act as a neutral host (an impartial owner of infrastructure that is made available on an open access basis) to facilitate commercial network build.

We will continue to work closely with the market to support the expansion of commercial telecommunications networks, facilitating co-operation to avoid unnecessary overbuild and encouraging build in hard-to-reach places.

We have worked extensively with Government and telecoms providers to bring fibre and dark fibre networks to business parks of all sizes and to key economic hubs. We have also enabled access to better connectivity for thousands of small and micro-businesses across the county.

We will continue to support economic growth across diverse sectors including the visitor economy, farming and land management, creative digital, renewable energies, manufacturing and engineering, logistics.

Since leading the Better Connected superfast project (2012-18), West Sussex councils have worked together to maintain focus on rural connectivity. Our OpenDigital programme remains committed to this agenda.

We will continue to improve connectivity in the hardest to reach areas in addition to Government's national Project Gigabit, targeted with reaching 99% of UK premises with gigabit capable connectivity by 2030.

Work we will start

Innovation can give businesses a competitive edge by creating new products and increasing productivity. It also benefits communities, individuals and our environment as new services become available conserving resources.

We will work more effectively with universities, colleges, research and development agencies by being more agile and leveraging opportunities together, including the sharing of data and designing open data solutions that support innovative ecosystems. These innovators can develop new applications of technology for both West Sussex, the wider region and potentially contribute to the UK's knowledge economy.

We will work more closely with private sector investors and private enterprise to accelerate the development and deployment of private networks and technologies that can make a positive impact to lives and places in West Sussex as well as our economy.

We have been working effectively across the public and private sectors within the county to improve digital infrastructure. We will now seek to establish digital infrastructure partnerships within the wider region. Having successfully worked with Brighton and Hove City Council to extend our OpenNetwork⁵ to the Brighton Digital Exchange and other key sites in Brighton we are keen to explore other joint initiatives with neighbouring local authorities.

We will build a "regional" digital infrastructure approach where connectivity can leverage additional benefits for the region across county boundaries, enabling our region's infrastructure to become more than the sum of its parts.

⁵ Currently over 100km of open access network comprising duct and dark fibre in public ownership between West Sussex County Council, Mid Sussex District Council, Brighton and Hove City Council

Technology themes

Our digital infrastructure strategy puts fibre and mobile connectivity front and centre. Businesses require reliability, speed and resilience in order to grow and full fibre and 5G are widely heralded as the future proof technologies with the potential to develop innovative new technologies that can transform productivity, make significant advances in transport and health care, and support action on climate change.

This strategy will continue to evolve, allowing us to shape and integrate our collective ambition for digital place making. It comprises a set of areas of action structured around four underpinning technology themes to achieve our strategic priorities. The technology themes are:

1. **Regional connectivity** - e.g. spines for backhaul⁶; open access dark fibre⁷ and duct; point to point/multipoint secure dark fibre for collaboration, innovation
2. **Local connectivity** (access networks⁸) to premises eg Full Fibre, Gigabit capable (1000Mbps), and Superfast Broadband >30 Mbps;
3. **Mobile connectivity** – e.g. wireless technologies such as 4G; 5G small cell networks; macro sites; satellite, fixed wireless access etc
4. **IoT** (Internet of Things) - connectivity for sensor networks, machine to machine (M2M) communications underpinning ‘Smart Places’.

Our strategy in action

We have a good understanding of connectivity needs across the county based on coverage, local challenges and opportunities, alongside assumptions of future need based on wider technology, socio-economic and environmental trends. This picture is made up of many moving parts and is constantly evolving. It forms the evidence-base underpinning the areas of action needed to achieve our Strategic Priorities (SP) as set out below.

SP1: Enable future-ready infrastructure that will support our diverse economy and stimulate growth and innovation

West Sussex boasts an array of large and small business and enterprise parks. It has a vibrant creative digital sector, high tech engineering and technology sectors, established visitor and horticulture economies and growing sustainable energy production. These are solid foundations for economic growth but there is still unlocked potential. Digital infrastructure has a role to play in shaping higher value, knowledge intensive sectors where businesses value connectivity and the potential to cluster.

In addition to enabling local connectivity (to individual premises via access networks), we recognise that digital infrastructure also has the potential to lift the wider region, boosting the social, cultural, environmental and economic value of both rural and urban areas. By considering places together, our experience has shown that the whole can become more than the sum of its parts. This is especially true of connectivity, whereby the more connections there are, the more applications of technology are possible – a significant driver for innovation and growth. We understand the role regional connectivity can have in

⁶ Backhaul is the fibre spine infrastructure that connects the smaller “access networks” to the rest of the world via the internet.

⁷ Dark fibre – unlit fibre that ISPs or customers can light up. It is scalable, secure and flexible. Can be used as backhaul to internet exchange points.

⁸ Access networks connect to backhaul and deliver broadband to individual premises

creating the conditions that can accelerate the economic and social benefits associated with well-connected places and a thriving digital economy.

We want to achieve a future ready digital foundation for West Sussex capable of improving productivity and quality of life. A key challenge is being able to get ahead of the demand curve given the fast-paced technology environment and the comparatively long build times to deploy infrastructure.

Our strategy will test how digital infrastructure can create the conditions to support further innovation and how it could enable businesses and industry sectors across West Sussex to fulfil their potential with future ready infrastructure.

We will do this by:

- Removing barriers to accelerate the provision of backhaul, fixed and wireless access networks through making available open access public sector infrastructure, shared and no dig opportunities, supporting business parks to access high quality fibre connectivity including dark fibre where appropriate, eg by aggregating demand, adopting a multi-connectivity “connected spaces” approach, making publicly owned assets available for telecommunications infrastructure
- working with developers and planners to ensure new development sites have future-ready digital infrastructure well beyond the minimum of gigabit capable connectivity mandated by Government policy
- supporting areas where economic growth and innovation can be unlocked through improved connectivity either through current generation or next generation infrastructure as appropriate.
- working in partnership with industry, academia, technology partners and infrastructure providers to bring investment to the region.

SP2: Enable the creation of connected places, unlocking value for communities, businesses, public services, researchers and the environment

Connected places are characterised by numerous seamless, secure and instant interactions between people, places and things. The internet of things (IOT)⁹, underpinned by 4G, is already commonplace across many aspects of modern life. Unlike its predecessor, 5G (and future “generations” or “Gs”¹⁰) can capture and process huge amounts of data in milliseconds opening up opportunities in virtual and augmented reality, robotics and automation.

Other wireless technologies such as WiFi and long range options such as LPWAN¹¹ and LoRaWAN also have a vital role to play in current and future wireless sensor networks and can be cost effective options in connected places.

Wireless technologies are playing an increasingly important role in the UK telecoms infrastructure landscape, as the Government sees ‘future telecommunications’ as one of five critical technologies essential to the UK’s economic performance. The recently published Wireless Infrastructure Strategy¹² positions fixed wireless access networks, mobile 4G and

⁹ Current IOT using 4G services to send and receive data and then take action, typically by turning something on or off, contacting a 3rd party or making an adjustment

¹⁰ For example, 6G and other generations being developed (alongside Edge computing, Artificial Intelligence etc)

¹¹ Low-power wide-area networks (LPWANs) deliver IOT connectivity (small amounts of data) at low cost over great distances for many years on a single battery. The LoRaWAN is an open standard, low-power, wide area networking protocol.

¹² [UK Wireless Infrastructure Strategy - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/674242/UK-Wireless-Infrastructure-Strategy-2020.pdf)

future 5G/6G networks and satellite broadband networks as front and centre in the effort to provide nationwide coverage of standalone 5G by 2030. Whatever the technology, the transformative potential of wirelessly connected places for individuals, communities, industry, and our planet represents a significant leap forward. Our connected spaces need to be future-ready for the next generations of mobile connectivity.

Our strategy will support the acceleration of deployment of mobile 4G and 5G networks, enabling providers with access to our public sector assets to site equipment and increase the density of data services available to people and devices.

We will do this by:

- working with mobile network operators (MNOs) to encourage deployment of private and public mobile infrastructure to support mobile phone coverage and IOT/5G applications
- allowing MNOs to access existing public sector assets including duct, dark fibre and street furniture, roof tops to reduce disruption and avoid unnecessary masts and cluttered street scenes
- working with technology companies to explore how non digital infrastructure (eg EV charging points, signage, buoys etc) can be adapted to also serve as discreet platforms for small cells and explore how new public infrastructure can serve multiple purposes.
- collaborating with research and development organisations to understand how IOT/5G sensors can be used to test and monitor spaces (eg air, water quality, footfall/traffic flow, the natural environment etc) supporting smart management of spaces through remote or autonomous activities.

SP3: Improve access to connectivity in hard-to-reach areas, reducing the digital divide and unlocking the potential of our rural economy

With more than half of the land area of West Sussex designated as protected countryside, our geography itself presents a number of challenges and opportunities. Premises within Areas of Outstanding Natural Beauty and in the South Downs National Park have historically been difficult to serve in terms of broadband connectivity given the challenging terrain and long distances involved, along with the low density of premises. Network builders have cited a lack of accessible backhaul in certain areas of West Sussex as a barrier to their investment as it makes extended connectivity cost prohibitive. This must be overcome to attract large and small alternative network providers to rural and semi-rural areas that have effectively suffered from lack of investment from the broader market with some premises expected to be too costly even for Government funded programmes.

This has impacted our ability to unlock the full potential of our rural economy and will limit access to crucial enabling technologies in the future (5G and its successors for example). Having worked with rural communities, business parks, SMEs, landowners and growers across viticulture, horticulture and agriculture we have clear evidence of benefits from diverse connectivity use cases.

We are working with BDUK on the Government's national Project Gigabit deployment that will bring gigabit capable speeds to 99% of the UK by 2030. We are working with BDUK on the Government's national Project Gigabit deployment that will bring gigabit capable speeds to 99% of the UK by 2030. However, we know that laying fibre in the hardest to reach rural areas takes time and that for some businesses and communities, faster connectivity – whether fibre broadband or not - is the immediate concern. We will therefore continue to work with communities and telecoms operators to explore alternative gigabit-capable solutions that provide long-term connectivity, and which may be a mix of fibre and wireless

technologies, e.g. advanced wireless/5G. In the interim, we will continue to explore targeted solutions that may not be gigabit-capable but can provide immediate benefits and do not preclude premises benefiting from Project Gigabit.

We will do this by:

- working with the telecoms market to accelerate commercial investment in both fixed and wireless infrastructure by making public assets available and facilitating access to private land to benefit community projects
- investing in extensions of the Council's OpenNetwork where an investment case can be made to make duct and fibre available to the telecoms market (eg Council role as a neutral host)
- investing in and facilitating the deployment of private networks where there are demonstrable benefits to communities, public service delivery, the environment and/or the economy
- encouraging alternative technologies to reduce the digital divide in the very hardest to reach areas where gigabit capable connectivity cannot reach.
- trialling digital use cases supporting rural activities based on natural capital (eg growing, re-wilding, protecting our environment and heritage, visitor economy)

In Summary

This strategy demonstrates our continued commitment to ensuring that connectivity in West Sussex meets our economic, environmental and social needs now and in the future and will benefit all who visit, live and work in the county.

We will continue to work together to achieve our strategic priorities, building on strong partnerships with Government and the telecoms market. We also look forward to working more extensively with innovation and technology partners, Industry, communities and regional stakeholders so that together we can make a more positive impact.

We all have different needs and aspirations and will want to use technology in different ways but fundamentally it should be about making life better. Making it easier for us all to do the things we want to do. Creating an environment for new ideas to thrive. Getting the right information to make choices now and for the future. Helping us to look after what is most important to us.

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