

Public Document Pack

Becky Shaw
Chief Executive

If calling please ask for:

Adam Chisnall on 033 022 28314
Email: adam.chisnall@westsussex.gov.uk

www.westsussex.gov.uk

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



9 October 2023

Cabinet

A meeting of the Cabinet will be held at **10.30 am** on **Tuesday, 17 October 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 3 - 6)
- Cabinet Members are asked to agree the minutes of the meeting held on 12 September 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, Medium-Term Financial Strategy and Preparations for 2024/25 Draft Budget** (Pages 7 - 26)

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

The Chairmen of Scrutiny Committees will be invited to speak for up to three minutes on the report.

Each of the main Minority Group Leaders will be invited to speak for up to three minutes on the report.

The Cabinet will then discuss the report.

11.25 am 5. **Emerging Issues**

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

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

The next meeting of the Cabinet will be held on 28 November 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.

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

Cabinet

12 September 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 and Cllr Waight

Apologies were received from Cllr Urquhart and Cllr Oxlade

Also in attendance: Cllr Lord and Cllr Montyn

13. Declarations of Interest

13.1 None declared.

14. Minutes

14.1 Resolved – that the minutes of the meeting held on 25 July 2023 be approved as a correct record and that they be signed by the Chairman.

15. Performance and Resources Report - Quarter 1 2023/24 (CAB05_23/34)

15.1 The Cabinet considered a report by the Chief Executive and Director of Finance and Support Services outlining the council's performance and finance position for the first quarter, (April – June) 2023/24. The report was introduced by Cllr Jeremy Hunt, Cabinet Member for Finance and Property who explained that, with the use of the contingency budget and additional investment income, a balanced budget was expected at the year end. Current key financial pressures highlighted included continuing demand for adults and children's social services and the increasing Dedicated Schools Grant (DSG) deficit. Cllr. Hunt explained that the council's services continued to work to try to minimise the pressures and ensure delivery was sustainable for the future.

15.2 Cllr Pieter Montyn, Chairman of the Performance and Finance Scrutiny Committee, summarised points raised at the 07 September meeting of the scrutiny Committee including the current net overspend forecast, the challenge posed by the DSG deficit and that, while savings were required in this financial year, those for previous years were also to be delivered and that the Committee would continue to monitor how the savings were to be achieved.

15.3 Cllr Kirsty Lord, Leader of the Liberal Democrat group expressed concern at the projected overspend of the Children and Young People, Learning and Skills portfolio budget and the risk of not reaching the target for delivery of Key Performance Indicator 56, which concerned the percentage of Education, Health and Care

plans completed within 20 weeks, and that more information on mitigation was required. Cllr Lord also highlighted educational attainment in the county stating that, with new data now emerging it was clear that nearly half the children in the county were not reaching the required standards and that more detail on mitigating action was required.

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

- Cllr Russell, Cabinet Member for Children and Young People, Learning and Skills reported on performance in the children's portfolio area, that children's social care continued to improve and that the recent staff survey had shown that staff morale remained high and increases in workforce recruitment numbers continued. Cllr Russell highlighted that the Education and Learning Strategy 2022-25 would help to focus work on initiatives, such as support for disadvantaged children and those with special educational needs and disabilities. Cllr Russell highlighted pressure on costs for external care placements resulting in a forecast overspend of £16.1m and costs for home to school transport forecast to overspend by £4.4m, also that the Dedicated Schools Grant deficit stood at £20.3m at the end of June
- Cllr Crow, Cabinet Member for Community Support, Fire and Rescue noted that the portfolio continued to deliver against the targets set out in the Council Plan. Cllr Crow highlighted Key Performance Indicator (KPI)s, of which over half were on target and 'green', also that for KPI 10 concerning Safe and Well visits the service had exceeded its target and it was recommended that the Cabinet agreed that this be extended. Cllr Crow explained that the portfolio was forecast to overspend by £285k
- Cllr Lanzer reported that the Public Health and Wellbeing teams continued to play a role in supporting the Integrated Care System across Sussex, with a focus on delivering against elements in the Shared Delivery Plan. Areas of focus included improved GP access, improved response times to 999 calls and improvements to hospital discharge processes. Cllr Lanzer highlighted work to address vaping, an emerging health issue in quarter one and partnership work underway in the seven wellbeing hubs. On finance, Cllr Lanzer explained that a balanced budget was anticipated
- Cllr Jupp, Cabinet Member for Adults Services reported increased pressures for the portfolio both financially and on the workforce, and that the demands of the county's wide age range was a contributory factor. Work was underway to prepare for a Care Quality Commission assurance inspection and that the resulting self-assessment report would provide evidence of current strengths and areas for improvement. Cllr Jupp highlighted a £10m overspend which would be mitigated by a one-off fund but that 2024/25 would continue to be challenging and further savings would have to be identified
- Cllr Waight, Cabinet Member for Support Services and Economic Development commended the work of the Special Workforce Project Team to address vacancies in the workforce and the

Digital team for its work to improve and extend the West Sussex digital infrastructure. Cllr Waight referred to the strong performance of management teams across the portfolio including the work of the capital project teams in continuing to deliver projects as set out in the capital summary. Cllr Waight explained there were plans to offset with new savings those that could not be delivered this year. Cllr Waight also commented on the risks for the portfolio which remained the same as for the previous quarter

- Cllr Dennis, Cabinet Member for Highways and Transport highlighted the success of the portfolio cycling programmes, the biofuel project, electric vehicle support measures and, with the highways maintenance measure showing amber, explained the types of repairs undertaken and the continued pressure on the workforce of the volume of repairs required. On the capital programme Cllr Dennis highlighted increased costs although currently the portfolio budget was predicted to underspend, which was related to fluctuations in energy costs and the low take up of concessionary bus fares
- Cllr Marshall commented on the performance measures for the Leader portfolio (including Economy) and highlighted the programmes targeting support to over 5000 businesses in the county, also the work of the growth programmes underway in partnership with the District and Borough councils.

15.5 The Leader thanked cabinet members for the comments and summarised that the council had experienced significant growth in demand for services in the children and young people and adults areas, increased pressure of inflation on goods and services and the growing challenges of recruitment and retention of the workforce required to deliver council services. The Leader highlighted that the services were largely paid for by residents via council tax and it was incumbent on the council to continue to deliver value for money and therefore to monitor the effectiveness of services and to change them if they did not deliver as required.

15.6 The Cabinet Member for Finance and Property noted the summaries given including the challenges highlighted and the excellent work to support residents. Cllr Hunt extended thanks to the Scrutiny Chairman and Performance and Finance Committee members for the work to scrutinise the council's performance and resources as set out in the paper.

15.7 Resolved that the Cabinet: -

- i. Notes the financial challenges set out in paragraphs 1.6 - 1.9
- ii. Notes the scrutiny feedback and
- iii. Approves the proposed change to the Key Performance Indicator measure for Fire and Rescue Service safe and well visits detailed in paragraph 1.3 of the report

16. Date of Next Meeting

16.1 The next meeting of Cabinet will be held on 17 October 2023.

Agenda Item 2

The meeting ended at 11.51 am

Chairman

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

Report to Cabinet

17 October 2023

Update on Council Plan, Medium-Term Financial Strategy and Preparations for 2024/25 Draft Budget

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

Electoral division(s): All

Summary

In July 2023, Cabinet received a report providing an update on the Council Plan, national and local context, and the medium-term financial forecast for the next five years. The report showed a budget shortfall of £171m over the five years, of which £45m was expected in 2024/25 before any increase in Council Tax.

This report provides an update on the national context and the medium-term forecast. It advises Cabinet on the preparations for refreshing the Council Plan, sets out proposals for the draft 2024/25 revenue budget and preparations for the updated Capital Programme before further review ahead of recommending to County Council in February 2024. It explains the further steps to be taken for public and partner engagement and consultation and for engaging scrutiny committees during November 2023.

The budget for 2024/25 will be developed within the context of the Council Plan and the Council's spending plans will be targeted to ensure that priorities in the plan continue to be delivered.

Further analysis of the service demand and cost pressures and impact of economic conditions has been undertaken over the summer. Service pressures remain a key concern, particularly social care and an additional £53m is proposed to be built into next year's budget to enable the County Council to continue to provide services to the most vulnerable requiring extra support and help to manage risk and prevent escalation of need.

It is assumed that pay inflation will be around 4% in 2024/25 and spend through contracts is based on the Office for Budget Responsibility (OBR) forecasts of 5.4% and 8.1% for CPI and RPI respectively. Income collected through fees and charges is assumed to increase on average by 8.1% but a full report on the proposed fees and charges for 2024/25 will be available for scrutiny in January 2024 before being recommended by Cabinet to County Council as part of the 2024/25 budget in February 2024.

The forecast, taking into account this latest information shows a budget shortfall of between £44.9m and £16.2m for 2024/25 depending on the level of Council Tax increase.

Agenda Item 4

The final position is very much dependent on the outcome of the Local Government Finance Settlement expected to be published week commencing 18 December 2023. All the assumptions driving the financial forecast will remain under review during the run up to setting next year's budget in February 2024.

Setting a balanced budget for 2024/25 is considered challenging but achievable. However, the longer-term position is much more concerning and further details are set out in Section 7.

Achieving reductions in spend of this scale requires a more fundamental consideration of services provided and how they are provided. Work is already underway to prepare options for addressing these challenges. In addition, the County Council, together with district and boroughs, the South East 7 group and the County Council Network will continue its proactive approach to lobbying Government to recognise the funding constraints and rising demand impacting on the sector. There is clear evidence of the need for increased Government funding across many services if the sector is going to remain financially sustainable and continue its vital support to resident and local communities.

Recommendations

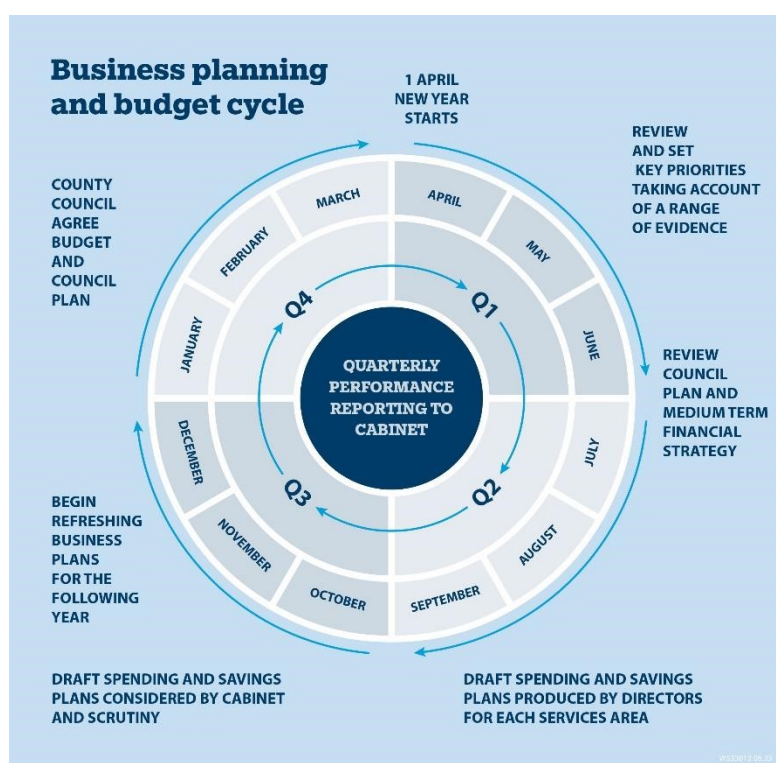
Cabinet is asked to:

1. Agree that the overall approach to the Council Plan refresh and budget setting be prepared for the public engagement process set out in Section 13 of the report.
2. Note the risks and uncertainties referenced in Section 15 of the report and that these may further impact on the budget for 2024/25 and the Council's medium term financial forecast.
3. Note the timetable for the remainder of the budget process as set out in Section 11 of the report.
4. Continue its proactive collaborative approach to lobbying Government to recognise funding constraints and rising demand that is impacting many services and the impact on the financial resilience of the Local Government sector.

Proposal

1 Background and context

- 1.1 The Council’s integrated business planning and budget process brings together business planning, financial planning and risk management. The process 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.
- 1.2 The Council is legally required to set a balanced budget each year. This report provides an update on the different elements of the budget, including budget pressures and how funding can be realigned to address these pressures.
- 1.3 The consequential budget adjustments for 2024/25 set out in this report are for consideration with a view to presenting them for public engagement in October and November 2023. Cabinet will consider the feedback on the proposals for the Council Plan and approach to budget setting before recommending the Council Plan and 2024/25 budget to County Council in February 2024.
- 1.4 This report relates to the financial position on the Council’s General Fund. An update on schools funding will be included in the full budget report to Cabinet in January 2024.
- 1.5 The Business Planning process operates within the annual cycle shown below:



- 1.6 At this stage of the cycle the County Council is bringing forward draft spending plans for consideration. In terms of the financial position, there remains much uncertainty in four 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.

- 1.7 Government announced its decision in August 2023 to transfer functions from Local Enterprise Partnerships (LEPs) to upper tier authorities from April 2024. The Council will take on the Business Representation, Strategic Economic Planning and Growth Hub LEP functions. The Council has already taken on the Career Hub function from the LEP with the launch of the `West Sussex Careers Hub` on 1 September 2023.
- 1.8 As part of the Council Plan refresh, objectives will be updated to reflect the transferred LEP functions and continued economic instability and KPIs will be aligned to latest strategies and improvement plans. All targets will be reviewed to ensure they remain relevant and reflective of ambitions, capacity and resources, making relevant comparisons to other councils where possible.
- 1.9 The increasingly challenging operating environment, for example the market for children's services placements, funding constraints and rising demand, 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.

2 Draft Budget 2024/25

- 2.1 The remainder of this report builds on the report that was presented to Cabinet in July 2023 on the County Council's Medium Term Financial Strategy (MTFS) and focuses on updates of the various elements that must be considered in developing the draft budget for 2024/25.

3 Current Financial Forecast

- 3.1 The starting point of any preparations for the next year's budget is the current year financial position. In February 2023, the County Council set a balanced budget for 2023/24. The first monitoring of spend and forecast against this budget was reported to Cabinet on 12 September [Q1 Summary Report PRR](#) and showed an overspend of £18.2m on services, mainly on Children's Services and Special Educational Needs & Disabilities (SEND) but also underlying pressures within Adult Social Care and some other services. These have been reviewed in the context of identifying any which are expected to continue into 2024/25 and future years and a review of other assumptions underpinning the financial position has been undertaken.

4 Funding

- 4.1 Setting a balanced budget each year means that expenditure must not exceed levels of funding. A full analysis of the different sources of funding available to the County Council was set out in the report to Cabinet in July 2023 [Sources of Funding](#) and these largely remain unchanged. In 2024/25, total funding is estimated at £730m.

- 4.2 The next fiscal update from Government (Autumn Statement) has been announced for 22 November 2023 but as in previous years, this is expected to be high level and any implications for Local Government will not be known until the provisional Local Government Finance Settlement 2024/25 is published the week commencing 18 December 2023.
- 4.3 The policy paper published as part of the 2023/24 Local Government Finance Settlement in December 2022 gave an indication on Government funding levels for 2024/25 and the Council Tax thresholds (maximum levels of increase) and the budget for 2024/25 is being prepared on that basis.
- 4.4 Government funding and retained business rates are estimated at £104m and general non-service specific grants of £52m.
- 4.5 The Government guidance on the Business Rates Pool has been published and discussions are currently underway between the County Council and the district and boroughs on the arrangements for the pool in 2024/25. Expressions of interest had to be submitted to Government by 10 October 2023 and details will be published as part of the Provisional Local Government Finance Settlement in December 2023.
- 4.6 Council Tax remains a key source of funding (around 80%). The referendum threshold for 2024/25 is 3% plus an additional precept of 2% for those authorities with adult social care responsibilities. Every 1% increase equates to approximately £5.7m of additional income to support service pressures. Although referendum thresholds are set by Government, any increases in Council Tax remains a decision for County Council and will be considered in February 2024. From 2025/26, the referendum threshold is assumed to be 1.99% and no adult social care precept.
- 4.7 The proposed increase in fees and charges for 2024/25 is 8.1% in line with the estimates of the Retail Price Index as at September 2023. Work is underway to review all fees and charges against this assumption and details will be available for scrutiny in January 2024 before Cabinet makes its recommendation to full Council as part of agreeing the 2024/25 budget in February 2024.

5 Spending Pressures

- 5.1 Each year the budget will include extra provision for pressures that are known and can be quantified. These are largely focussed around increases in service demands, people living longer and with increasing complexity of need, also the increase in the cost of service provision. These were set out in detail in the report to Cabinet in July 2023 [Spending Pressures](#).
- 5.2 Over the summer these have been subject to review based on the latest evidence and information. Many of the known pressures for next year have increased and new pressures have emerged as a result of this exercise, which is now estimated as £52.5m in total, including £3.1m of one off spending. All known pressures must be funded to ensure that the budget set for 2024/25 is robust and achievable.
- 5.3 Details of the specific service pressures for 2024/25 that have been identified are summarised in Table 1 and set out in full in Appendix A. These exclude increased costs from inflation which are outlined separately later in the report.

Table 1 Service Pressures

	Ongoing Pressures £'m	One off £'m	2024/25 Total £'m
Adults Services	12.3	-	12.3
Children and Young People, Learning and Skills	30.6	0.6	31.2
Community Support, Fire and Rescue	0.6	-	0.6
Environment and Climate Change	0.1	0.5	0.6
Finance and Property	0.4	2.0	2.4
Highways and Transport	5.0	-	5.0
Support Services and Economic Development	0.4	-	0.4
Total Pressures	49.4	3.1	52.5

5.4 In addition, there are some budget pressures which are more Council wide.

Pay Inflation

5.5 The County Council's staffing costs for delivering its services are around £270m each year. Financial Plans for 2024/25 currently assume £13.8m for pay increases based on a 4% increase and a provision for 2023/24 based on the latest pay offer. However, pay increases for 2023/24 remain subject to negotiations with the trade unions and therefore 2024/25 pay increases are also unconfirmed at this stage.

Price Inflation

5.6 The rate at which prices are rising fell to 6.7% in the year to August, down from 7.9% in June. The Bank of England has a target to keep inflation at 2%, but the current rate is still well above that and will remain so for some time. The Office for Budget Responsibility (OBR), which assesses the government's economic plans, previously predicted inflation would fall back to 2.9% by the end of the year. The Bank of England has predicted inflation will drop to 5% by the end of 2023. The County Council uses the forecasts by the OBR when setting its budget and inflation forecasts and the impact on next year's budget will be reviewed when an update is published as part of the Autumn Statement on 22 November 2023.

5.7 Inflation levels are a key driver for the cost of services. The County Council's spend with third party organisations is around £531m, either through contracts, grants, or other commissioning arrangements. Many of these will be subject to inflation increases and linked to different indices, including CPI, RPI and industry specific indices.

5.8 In total, the current assumption is that an additional £23.0m will be needed for 2024/25 in relation to price inflation increases across all services. However, this will remain under close review over the coming months.

6 The Overall Financial Position

- 6.1 The current Council Plan 2021 to 2025 is subject to its annual review and details will be presented to Cabinet in January 2024 alongside the draft budget for 2024/25 which will be used to deliver the County Council's priorities. The expectation is that the Council's priorities and the outcomes it seeks for residents and communities will remain largely unchanged.
- 6.2 Financial plans already include £6.7m of reductions in 2024/25 that were agreed at County Council in February 2023 [Budget Report 2023/24](#).
- 6.3 Taking into account the information in the sections above, the Council is expected to spend approximately £1.9bn (net of income £775m), including schools to deliver its services and respond to these budget pressures.
- 6.4 This means there is a budget gap of £44.9m before any Council Tax increase or £16.2m if the full 4.99% increase in Council Tax is introduced.

Table 2 – Financial Position 2024/25

	2024/25 £'m
Funding	
Council Tax income – based on 0% increase	573.9
Government Funding - Settlement Funding Assessment/ Business rates	104.3
Non-Service Specific Government Grants	51.6
Total Funding	729.8
Opening Expenditure	708.8
Previously Approved Savings	(6.7)
Inflation Pressures	36.8
Service Pressures	52.5
Contribution from Reserves	(8.1)
Other corporate changes	(8.6)
Total Expenditure	774.7
Budget Gap (before Council Tax increases)	44.9
Additional income from 4.99% Council Tax increase	28.7
Budget gap after Council Tax of 4.99%	16.2

- 6.5 A balanced budget must be set each year and over the summer, all services have been considering opportunities to re-align the funding available to council priorities. This has resulted in budget reductions in some areas, through reduction in costs, opportunities to reduce demand or increasing income levels.
- 6.6 New budget reductions are planned across all services totalling £11.8m for 2024/25 and £4.5m for 2025/26. Full details of the proposals are set out in Appendix B by Cabinet Member portfolio and summarised in Table 3.

Table 3 – Budget Reductions

Cabinet Portfolio	2024/25 £'m	2025/26 £'m
Adults Services	3.9	0.5
Children and Young People, Learning and Skills	4.4	3.0
Community Support, Fire and Rescue	0.2	-
Environment and Climate Change	0.2	0.2
Finance and Property	0.3	-
Highways and Transport	1.6	0.7
Support Services and Economic Development	1.2	0.1
Total	11.8	4.5

6.7 Cabinet is asked to agree for the current Council Plan priorities and the proposed budget approach to be presented for public and partner engagement in line with the approach set out in Section 13.

6.8 If all the budget proposals are supported following consultation and engagement, there remains a budget shortfall of between £33.1m and £4.4m depending on the level of Council Tax increase as set out in Table 4.

Table 4 – Forecast Budget Shortfall (after proposed new reductions)

	2024/25 £'m
Budget Gap (before Council Tax increases)	44.9
Proposed Budget Reductions	(11.8)
Budget Gap (before Council Tax increases and after proposed budget reductions)	33.1
Budget gap after Council Tax increases of 4.99%	16.2
Proposed Budget Reductions	(11.8)
Budget Gap (after Council Tax increases and after proposed budget reductions)	4.4

7 Approach to Longer Term - 2025/26 Onwards

7.1 Despite the level of uncertainty in economic conditions and Government funding, which are not yet confirmed, officers are confident that a balanced budget can be set for 2024/25.

7.2 However, for 2025/26 to 2028/29, there remains a budget shortfall of between £140m and £87m depending on the level of Council Tax increase. With so many risks and uncertainties there is a high probability the shortfall in funding to continue the delivery of all services could be higher and full details were set out in the report to Cabinet in July 2023 [Risks and Uncertainties](#).

7.3 Budget reductions through general efficiencies alone will not be sufficient to meet this financial challenge and will require a more fundamental review of services. Every service must provide good value for money for residents, be cost effective and contribute to Council Plan priorities. Work has commenced and savings of £4.5m have been identified for 2025/26 as set out in Table 3 but further work is required over the next six months to identify savings of the scale needed to balance for 2025/26.

- 7.4 Going forward into 2025/26, the desire is to move away from one year budget setting to planning the finances over the longer term which is critical to maintain the good financial resilience and sustainability of the County Council.
- 7.5 The County Council will continue to lobby Government to recognise the growing demand pressures on Local Government but at this stage it is not anticipated that there will be any additional funding. Therefore, balancing the budget over the next five years will require the County Council to consider the services it provides and how they are provided.
- 7.6 The report to Cabinet in July 2023 gave an indication on the areas of focus for delivering longer term changes and opportunities are being considered, of which £4.5m has been identified to date. It is likely that further prioritisation of limited financial resources will be needed to ensure statutory responsibilities for supporting the most vulnerable continue to be met. A further update on progress will be provided to Cabinet in January 2024 alongside the draft 2024/25 budget.

Table 5 – Five Year Financial Position 2024/25 to 2028/29

	2024/25 £'m	2025/26 £'m	2026/27 £'m	2027/28 £'m	2028/29 £'m
Funding					
Council Tax - based on 0%	573.9	580.8	587.8	594.8	602.0
SFA / Business rates	104.3	106.3	106.3	106.3	106.3
Non-Portfolio Specific Grants	51.6	48.4	48.4	48.4	48.4
Total Funding	729.8	735.5	742.5	749.5	756.7
Opening Expenditure	708.8	729.8	735.5	742.5	749.5
Previously Approved Savings	(6.7)	-	-	-	-
Inflation Pressures	36.8	13.6	15.5	11.2	15.7
Service Pressures	52.5	22.4	17.1	22.8	22.8
Contribution from Reserves	(8.1)				
Other corporate changes	(8.6)	9.4	11.7	4.9	4.9
Total Expenditure	774.7	775.2	779.8	781.4	792.9
Budget Shortfall (before any reductions)	44.9	39.7	37.3	31.9	36.2
New reductions proposed	(11.8)	(4.5)	-	-	-
Budget Shortfall (after proposed reductions)	33.1	35.2	37.3	31.9	36.2
Cumulative Budget Shortfall (after proposed budget reductions)	33.1	68.3	105.6	137.5	173.7
Estimated income from max Council Tax Increase	(28.7)	(12.5)	(13.0)	(13.6)	(14.1)
Shortfall after Council Tax increase	4.4	22.7	24.3	18.3	22.1
Cumulative Budget shortfall	4.4	27.1	51.4	69.7	91.8

8 Capital Programme

- 8.1 An annual review of the capital programme is underway to ensure that all schemes within the programme are aligned to Council Plan priorities and that the timescales for delivery and the estimated costs are accurately reflected within the five year programme. Consideration is also being given to any new capital investment that will be required. The full details of any proposed changes to the programme will be reported to Scrutiny Committees in November 2023 for review before the final Capital Programme is presented to Cabinet in January 2024 and recommended to full County Council in February 2024.

9 Schools Funding

- 9.1 There is no further update on Schools Funding since the report in July 2023 [Schools Budget](#).
- 9.2 The underlying pressure on the General Fund is driven by the increase in number of pupils with an Education, Health and Care Plan (EHCP) and the statutory duty to provide transport for pupils who are eligible. Approximately one third of pupils with an EHCP require transport to and from school.
- 9.3 To help meet this increased demand the County Council has expanded the use of its internal fleet, but despite this expansion the average daily cost of providing external taxis and minibuses still increased from £64,000 per school day in April 2022 to an average of £80,000. With further annual growth in SEND passenger numbers expected, the daily cost of providing external taxis and minibuses is expected to increase to over £90,000 per school day by March 2024.

10 Reserves Strategy

- 10.1 Reserves are an important part of the Council's approach to financial planning and a full update was included in the report to Cabinet in July 2023 together with a five year forecast. Reserves and contingency provide a mitigation for the many uncertainties and risks facing the Council and must be maintained at a prudent level and are a key indicator of strong financial standing and resilience.
- 10.2 Reserves can be used in year for one off unforeseen expenditure, for exceptional pressures or for invest to save opportunities but any use will need to be replenished over the medium term to maintain the County Council's financial resilience. With the exception of the £3.1m to fund the one off pressures set out in Table 1 and the £5m additional investment into highways maintenance, there are no plans to use reserves to balance the budget for 2024/25 or over the medium term. The annual review of reserves is underway and an update will be reported to Cabinet in January 2024 when the Section 151 Officer will report on the robustness of the budget and the adequacy of reserves.

11 Budget Timetable

- 11.1 The process for setting the 2024/25 budget has commenced as set out in this report. The key dates between October 2023 and February 2024 when the draft budget, capital programme, capital strategy and treasury management strategy will be agreed by full Council is set out in Table 6.

Table 6 – Budget Timetable

Date	Who	What
17 Oct 23	Public Cabinet	Update on Capital Programme, Budget gap/savings including discussion on priorities and Council Plan
18 Oct 23	Member Day	Council Plan and Budget Proposals (Revenue and Capital)
November 23	Scrutiny Committees	Council Plan and Budget Proposals (Revenue and Capital)
Early December 23	Stakeholder Engagement	Council Plan and Budget (Revenue and Capital) stakeholder consultation
December 23	Department for Levelling Up, Housing and Communities (DHLUC)	Provisional Local Government Finance Settlement 2024/25 published
19 Jan 24	Member Day	Council Plan and Budget Proposals (Revenue and Capital)
24 Jan 24	Performance & Finance Scrutiny Committee	Review draft Council Plan and Budget Proposals (Revenue and Capital). Comments to feed into 30 January Cabinet meeting.
30 Jan 24	Public Cabinet	Council Plan and Budget Papers. Verbal feedback from all Scrutiny Committee Chairmen.
16 Feb 24	County Council	To approve Council Plan and Budget 2024/25 and the updated MTFS (2024/25 to 28/29)

12 Other options considered (and reasons for not proposing)

12.1 An options analysis was undertaken as part of the overall financial planning approach and the proposals as set out this report.

13 Consultation, engagement and advice

13.1 The MTFS, annual budget 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 which are underpinned by a cross cutting theme of tackling climate change:

- Keeping People Safe in Vulnerable Situations
- A Sustainable and Prosperous Economy
- Helping People and Communities Fulfil their Potential
- Making Best Use of Resources

13.2 Best Value is a statutory duty placed on all local authorities to demonstrate how resources are used to greatest effect and efficiency and how the authority ensures it achieves continuous improvement in service delivery and its systems of control accountability and corporate governance.

- 13.3 The Government plans new statutory guidance on Best Value Standards and Intervention. The Council has taken the opportunity to review its approach to engagement and consultation to ensure it meets the proposed guidance.
- 13.4 The draft guidance says: *"Best value authorities ... are also required to consult on the purpose of deciding how to fulfil the Best Value Duty. The annual process of setting the authority's budget, the corporate plan and the medium-term financial plan provides a key opportunity to conduct such consultation. This is the stage at which consultation will best assist the authority in deciding how to make arrangements to secure continuous improvement."*
- 13.5 The draft guidance is not prescriptive on how consultation and engagement should be undertaken, other than to suggest it should be inclusive, open and fair – and so there is significant discretion to tailor the approach to meet local circumstances. The proposal for West Sussex is:
- To provide information for the context of budget planning including demand pressures; inflationary pressures; population growth and aging; what money is currently spent on and where it is raised from.
 - A high-level summary of the financial position and planned approach for balancing the budget.
 - A set of high-level questions about the relevant priority respondents place on council services and approach to balancing the budget.
 - Invite basic information about the respondent to help analyse the responses across the community.
- 13.6 In order to be able to discharge its continuing commitment to best value and its commitment to transparency in its work for the community of West Sussex it is proposed that the Council designs and runs this public consultation online during October/November 2023. The responses will feed into Cabinet and County Council decisions on the refreshed Council Plan and budget in early 2024.
- 13.7 All scrutiny committees during November will have the opportunity to review their relevant budget pressures and proposed budget reductions as set out in the appendices of this report. There will also be an opportunity to review any changes in the Capital Programme. The feedback will be considered by Cabinet in preparing the final draft budget and capital programme for 2024/25 that will be presented to County Council for approval in February 2024. Feedback from the public consultation exercise will also be available for the January meeting of Performance and Finance Scrutiny Committee.
- 13.8 In January 2023 the Council ran a stakeholder session on the refresh of the Council Plan and the budget. Feedback from partners was that the session was welcomed because it helped them understand the context in which the County Council was operating, and the rationale for spending choices. Given this positive feedback, the Council will also propose to run a similar stakeholder engagement session early in December.

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- 13.9 Should there be any proposals which, if they are to proceed, will require additional consultation, further consideration and specific consultation plans will be devised to enable proper consideration of feedback before proposals are to be determined or implemented.
- 13.10 Should there be any proposals which will have an impact on particular staff groups, further consideration to staff engagement and consultation will be undertaken before proposals can finally be determined or moved into operational delivery. Engagement with relevant trade unions will also be needed in these cases.
- 13.11 All proposals will need to be considered in the broader context of the Council's statutory obligations, notably ensuring that decision-makers are able to consider equality impact assessments to ensure the public sector equality duty is discharged. All proposals will be tested against the Council's policy and procedures for equality impact and this will identify proposals requiring more focused equality impact assessments to inform final decisions.

14 Financial Implications

- 14.1 The financial implications are as set out throughout the report.

15 Risk implications and mitigations

- 15.1 Full details of the County Council's financial risks were reported in the Council Plan and Medium Term Financial Strategy report in July 2023 and remain largely unchanged. [Risks and Uncertainties](#).

16 Policy alignment and compliance

- 16.1 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, 033 022 26878, rebecca.taylor@westsussex.gov.uk

Appendices

Appendix A 2024/25 Forecast Budget Pressures

Appendix B Proposals for budget reductions in 2024/25

Background Papers

None

Service Pressures

This appendix sets out details of the known service spending pressures that can be quantified.

Cabinet Portfolio	Ongoing	One off
	£'000s	£'000s
Adults Services:		
Increase in National living wage	4,200	
Adult Social Care demand pressures - numbers and complexity of need	8,100	
Sub-total	12,300	0
Children and Young People, Learning and Skills:		
Support for Children (excluding Disabilities) - placement costs	19,392	
Support for Children with Disabilities - placement costs	1,700	
Childrens Workforce	875	
Continuing Healthcare - income received for eligible CHC needs		150
SEND Home to School Transport - demand for pupils with SEND	1,800	
Home to School Transport - continuation of current in year pressure	4,000	
Education Health and Care Needs Assessment - completion of applications (Home to School Transport)	1,660	
Education Health and Care Needs Assessments - ongoing additional staffing requirement	1,200	
Education Health and Care Needs Assessments - short term additional staffing requirement		450
Sub-total	30,627	600
Community Support, Fire and Rescue		
Fleet Supplies	100	
Coroners - increase costs following transfer from Sussex Police to WSCC	200	
Coroners - increase staffing costs and ongoing higher number of deaths.	300	
Sub-total	600	0
Environment and Climate Change:		
Additional resources for protecting the environment	50	
Delay in income from Solar and Battery Investments (Halewick)		500
Sub-total	50	500
Finance and Property:		
Loss of Commercial Property Income - vacant property		1,947
Holding costs for vacant properties	400	
Sub-total	400	1,947
Highways and Transport:		
Highways - additional maintenance	5,000	
Sub-total	5,000	0
Support Services and Economic Development:		
Human Resources & Organisational Development - additional capacity to support recruitment	268	
Childrens Advocacy and Complaints - increase in stage two reviews for EHCNA/EHCP and Section 19 duty to provide suitable education	100	
Sub-total	368	0
Overall total	49,345	3,047

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Balancing the Budget

This appendix sets out details of the budgets which will be reduced to realign funding to council priorities and known pressures.

Cabinet Portfolio	2024/25 £'000	2025/26 £'000	Total £'000	Description
Adults Services				
Review of funding to promote care as a career	170		170	Since 2018/19 the County Council has funded a small team to promote care as a career and to support the recruitment and retention of staff within the sector. The need to retain that capacity no longer exists because of other actions that have been taken, both locally and nationally. These include the impact of the National Living Wage and the fee uplifts paid by the County Council in recent years as well as promotional campaigns organised by others. The four posts within the team are vacant and a review of future requirements has confirmed that it is now appropriate to disband.
Review of carer information, advice, assessment and support contract	322		322	The County Council has a contract with Carers Support West Sussex for carer support. A wide range of services are provided, including carer assessments, welfare/benefit services, a response line, counselling, health and wellbeing payments and equipment for independence. Some of these fulfil statutory responsibilities, others are discretionary. The contract ends on 31st March 2024 and is in the process of being reproced. The specification for the new service has changed to being outcome focussed and as a result an expectation that efficiency savings equivalent to 10% of its current value will be achieved.
Review of the Quality, Practice and Development team	100		100	The Quality, Practice and Development Team is being reviewed. It is expected that this will identify some efficiency options that will enable a small reduction in posts to be made. Pending the completion of that work a savings target of £100k has been set.
Review of commissioning contracts	3,288		3,288	Work has been underatken over the past few months that has identified efficiency savings in a range of contracts that are managed by adults social care. This is expecetd to deliver just over £3.2m in efficiencies to the council.
Commissioning		520	520	A review of commissioing arrangements in Adult Social Care.
Sub-total	3,880	520	4,400	

Cabinet Portfolio	2024/25 £'000	2025/26 £'000	Total £'000	Description
Children and Young People, Learning and Skills				
Family Safeguarding model		1,820	1,820	The Family Safeguarding model will improve the main statutory provision of Children's Social Care. Through implementing this new model of practice, savings are expected to arise through a reduction in demand for statutory services which will result in reduced demand on the social work teams. Reductions in the number of children entering care are also expected, leading to savings against placement budgets.
Fostering redesign		760	760	The fostering redesign is expected to increase the market share of the Council-provided foster care placements compared to those provided externally which are more expensive. Other initiatives include the employment and training of specialist carers to prevent more complex children from requiring residential care, as well as increasing the support available to foster carers to help prevent foster care placements from breaking down. Keeping children in foster care rather than residential delivers better outcomes and is more
In-house residential phase 2 - High Trees		127	127	This initiative is Phase 2 of the In House Residential redesign which will result in increased capacity at High Trees by one additional bed.
In-house residential phase 3		30	30	This initiative is Phase 3 of the redesign of residential services and cost reductions are expected to arise through greater use of in house capacity and reducing the need for external placements. These changes will require capital investment.
Reduction in inspection team following positive Ofsted inspection		130	130	As a result of the improved Ofsted outcome announced in May 2023 to 'requires improvement' it is anticipated that the level of resources in the inspection team can be reduced from 2025/26.
Review of Multi Agency Safeguarding Hub (MASH)		90	90	The structure and the processes of the Integrated Front Door and Multi Agency Safeguarding Hub (MASH), in the context of the Family Safeguarding Model, has been reviewed during 2023/24 and cost reductions can be delivered for 2024/25 which were agreed in February. A further review is planned for next year to look at potential further cost reductions in 2025/26.
Review of arrangements for children with complex needs	300		300	A review of arrangements for supporting children with complex needs will be undertaken, including realigning the work of the Emotional & Mental Health Team with Children's Commissioning Team and the review of Child and Adolescent Multi-disciplinary Service, Children and Young People's Enhanced Support Services, Intensive Planning Team & Youth Emotional Support.
Improved use of kinship placements	2,000		2,000	A placement recovery plan has been adopted to particularly focus on reducing the number and proportion of agency residential placements for looked after children. This is having an adverse impact on the placements budget. This initiative will build on the work of the service by focusing on reducing the number of IFA placements and supporting more children through Kinship arrangements.
Second Local House Project in the Coastal region	1,000		1,000	WSCC has already successfully adopted and implemented a Local House Project in the Crawley area. This is a scheme which helps to provide young people leaving care with a safe home, support to live independently and teaches them life skills such as cooking and money management. It is now proposed to implement a second Local House Project in the Coastal region, in response to the demand for this type of service in that
Improved joint working with Health	250		250	Improved joint working with Health in relation to Continuing Health Care packages is expected to reduce the costs on supporting children with eligible health needs.
Historic teacher pension payments		50	50	The number of historic teacher pension payments has been in decline over the last three years. As a result, the budget set aside can be reduced.
Review of Home to School Transport	800		800	There are a range of initiatives planned to reduce the cost to the County Council of providing home to school transport - this includes, independent travel training, review of single occupancy transport, pick up points, more efficient routes and increasing take-up of personal transport budgets.
Sub-total	4,350	3,007	7,357	

Cabinet Portfolio	2024/25 £'000	2025/26 £'000	Total £'000	Description
Community Support, Fire and Rescure				
Record office - opening hours	100		100	Following a review of visitor numbers to the Record Office since its full re-opening after the pandemic, there is scope to reduce opening times which better reflect the use of the services provided through the Record Office.
Fire and Rescure - Additional income from Horsham Training Centre	150		150	The new fire and rescue service training centre in Horsham can be utilised to generate income by providing external training opportunities for neighbouring services and across the country. A syllabus and prospectus is being prepared and marketing opportunities will be developed.
Sub-total	250	0	250	
Environment and Climate Change				
Introduction of booking system extension to all Waste & Recycling Sites across the County	200		200	Since April 2021 a booking system has been in use at six Recycling Centres in West Sussex - Bognor Regis, Crawley, Horsham, Littlehampton, Shoreham and Worthing. Residents are able to book up to five visits per month up to 14 days in advance, same day bookings are also offered which means a booking can be made the same day and in most cases 10-20 minutes before arrival. The service has proved popular with residents with over 1.5m bookings being made and customers enjoy not having to queue at sites. This proposal is to expand the booking system to all West Sussex Recycling Centres so that Billingshurst, Burgess Hill, East Grinstead, Midhurst and Westhampnett would also be part of the scheme. This will mean less overall visits and a reduction in the overall tonnage which the County Council has to pay to dispose of through these sites. A recent review has shown that booking systems do not lead to increased fly tipping.
Solar Panel and Battery Project	50	200	250	The county council has been delivering energy, carbon and financial benefits from solar PV for over 10 years. The county council is currently procuring a new provider for the Solar PV & Battery Storage Programme which will deliver new solar PV & Battery Storage installations to schools and academies across West Sussex. The county council has undertaken market testing to develop this offer to schools and academies, liaising with a range of partners and Government bodies to ensure the business model is robust, sustainable and replicable. The proposal is to apply the Solar PV & Battery Storage model in a more commercial setting across the county and support 3rd party businesses to decarbonise their energy supply by hosting solar panel installations resulting in increase income.
Sub-total	250	200	450	

Cabinet Portfolio	2024/25 £'000	2025/26 £'000	Total £'000	Description
Finance and Property				
Review of operational estate - Early Help	100		100	As a result of changes to the Early Help Service which were agreed in 2021, there is an ongoing reduction in the running costs of the operations estate.
Review of operational estate - Corporate Estate	240		240	Vacant properties provide an opportunities for new income generation or disposal of properties declared surplus to operational requirements, resulting in a capital receipt. This will reduce the costs for operational estate spend, such as business rates and utility bills and result in increased rental income.
Sub-total	340		340	
Highways and Transport				
Increased Street Works Enforcement		300	300	As a result of increased enforcement on street works, i.e utility companies, additional income is anticipated. This will include income generated through the Lane Rental scheme.
Potential new parking restrictions (CPZs)		50	50	Potential new parking restrictions on the highways network through controlled parking zones will generate additional income. The location of these new zones will be subject to full consultation with local residents.
Street Lighting LED conversion		300	300	The Street Lightning LED Conversion Programme and Remote Monitoring System Programme will change all street lights to LED lanterns which will reduce energy consumption and energy costs as well as reduce carbon emissions in line with the County Council's Climate Change Strategy.
Reduction in the budget for removal of Ash trees	400		400	An annual budget for the removal of Ash trees was put in place in 2021/22 together with a reserve of £1.2m. Requirements to date suggest that the budget can be reduced by £400,000.
Increase in parking fees and charges	200		200	An above inflation increase in parking fees and charges will result in additional income.
Reduction in the demand for concessionary fares travel	1,000		1,000	The number of journeys made under the English National Concessionary Travel Scheme continues to be below pandemic levels and therefore the budget can be reduced.
Sub-total	1,600	650	2,250	
Support Services and Economic Development				
Review of support services	390	80	470	A number of support services are subject to review on their structure and operational design to identify efficiencies and streamlining opportunities whilst minimising impact on services supported.
IT services – following transfer from Capita	500		500	In 2021, the IT service was transferred from Capita. At the time, budget was set aside for any changes required but can now be released as a saving. Any future changes in requirements that may arise from the implementation of the Council's IT and digital strategies will be considered as part of future budget setting processes.
Business Services – following transfer from Capita	300		300	In October 2022, the final services were insourced from Capita into the County Council. This process is now complete with the move from a centralised administration function within the finance and support services directorate to an integrated model within service directorates. The budget provision set aside for the insourcing was included in the 2022/23 budget but £300,000 remains unspent and can be released now as a
Sub-total	1,190	80	1,270	
Overall total	11,860	4,457	16,317	