

Public Document Pack

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22 January 2024

Cabinet

A meeting of the Cabinet will be held at **10.30 am** on **Tuesday, 30 January 2024** 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

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 as 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.

2. **Minutes** (Pages 3 - 8)

Cabinet Members are asked to agree the minutes of the meeting held on 28 November 2023 (cream paper).

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.

4. **Council Plan and Draft Budget 2024/25** (Pages 9 - 14)

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

Cabinet is asked to endorse the Council Plan and the County Council Budget for 2024/25. This includes the recommendations listed on page 5 and Annex 1, the updated Council Plan as set out in Annex 1 (Appendix 8), the Capital Strategy set out in Annex 2(a) and the Treasury Management Statement set out in Annex 2(b); for approval by County Council on 16 February 2024.

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.

6. **Date of Next Meeting**

The next meeting of the Cabinet will be held on 12 March 2024.

To all members of the Cabinet

Cabinet

28 November 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 Baldwin (Virtual), Cllr Montyn, Cllr Oakley and Cllr Wall

Part I

22. Declarations of Interest

22.1 No declarations of interest were made.

23. Minutes

23.1 Resolved – that the minutes of the meeting held on 17 October 2023 be approved as a correct record and that they be signed by the Chairman.

24. Performance and Resources Report - Quarter 2 2023/24

24.1 The Cabinet considered a report by the Chief Executive and Director of Finance and Support Services (copy appended to the signed minutes).

24.2 Cllr Hunt, Cabinet Member for Finance and Property, introduced the report and reported that pressures had increased since quarter 1 with an increased overspend to £17.425m. Work was being done to lobby the Government for a long-term funding solution for councils' financial pressures. The finance team were working with portfolio holders to ensure savings were achieved. Where savings could not be achieved, mitigations would need to be considered. The recent Autumn statement had not made any reference to additional funding and so now officers were waiting for the provisional financial statement in December.

24.3 Taryn Eves, Director of Finance and Support Services, reported some amendments to the report. Table 4's Projected Outturn Variation by Portfolio showed Highways and Transport as red but, as this was an underspend, it should be green. Also the bullets at paragraph 47 should align with the figures in table 5's Savings Summary.

24.4 Taryn Eves reported that interest rates had helped with income but, as rates were expected to drop, the income from long term investments was likely to decrease. The Dedicated Schools Grant (DSG) deficit was at £67m, with no solution beyond 2026.

24.5 The following points were made by Scrutiny Committee Chairmen.

- a. Cllr Montyn, Chairman of the Performance and Finance Scrutiny Committee (PFSC), reported that Value for Money had been considered at PFSC. Changing inflation forecasts had been

requested for the budget report. The Committee had noted that no Reinforced Autoclaved Aerated Concrete (RAAC) cases had been identified, and that checks were continuing. The Committee had wanted to record that the Council's staff were recognised as a key force for the Council, and the importance of mental health support and overseas recruitment was noted.

- b. Cllr Wall, Chairman of the Health and Adult Social Care Scrutiny Committee (HASC), confirmed that HASC had noted the challenging landscape and recognised future pressures. The Committee had looked into savings activity and challenged whether all were possible. The Committee welcomed the speed of the work in completing assessments.
- c. Cllr Oakley, Vice Chairman of the Communities, Highways and Environment Scrutiny Committee (CHESC), confirmed that CHESC had noted the red indicators and the increase in highway repairs and their quality. Food waste collection plans were noted, and also the increased use of the waste site booking system.
- d. Cllr Baldwin, Vice Chairman of the Children and Young People's Services Scrutiny (CYPSSC), confirmed that CYPSSC had noted the budget pressures and the link with placement and transport costs. The work to increase key stage two standards had been noted as had the work on pupil attainment. The committee also welcomed the work to treat care leavers as a protected characteristic.

24.6 The following points were made by Cabinet Members in discussion.

- a. The Leader acknowledged the importance of budget setting to deliver Council Plan priorities and allowing communities to achieve their potential. Cabinet Members and officers were conscious of needing to make the best use of resources and were mindful of carbon and environmental factors. Highways were delivering key outcomes following an increase in funding. Disappointment was expressed that there had been no positive indications on settlement funding from the Government. The Government would continue to be lobbied on the pressures that were being felt.
- b. Cllr Russell, Cabinet Member for Children and Young People, Learning and Skills, reported that the improvement journey was continuing, with aspirations to get to 'good' and then 'outstanding'. Overseas recruitment was helping with vacancies and plans were in place to address Special Educational Needs and Disability (SEND) assessment backlogs. A SEND inspection was currently in progress. Service review cases were in place to ensure needs were being met where there were funding concerns. High cost placements were being reduced where possible.
- c. Cllr Crow, Cabinet Member for Community Support, Fire and Rescue, reported that the Horsham Fire Service Training Centre (Platinum House) was in operation and would lead to positive impacts on public and fire fighter safety. The library service had seen an increase in readership from the summer reading challenge. Performance measures were all green, with the safe and wellbeing visit targets being increased. Preventative work had also led to no recorded fire deaths for four quarters. The Leader added that Platinum House was receiving a formal opening in the afternoon and

acknowledged the hard work that had led to the centre being operational.

- d. Cllr Lanzer, Cabinet Member for Public Health and Wellbeing, reported on the work towards smoking cessation and the proposals for a smoke free generation. Improvements had also been made to defibrillator accessibility and assisting people applying for defibrillator grants. The public health grant, £4.3m per annum, was being used across five portfolio areas to promote multiple health outcomes.
- e. Cllr A Jupp, Cabinet Member for Adults Services, reported that red Key Performance Indicators (KPIs) had reduced since quarter one. The increasing demand on Adult Services was noted. Work was continuing on early intervention and assessment work. In year mitigations had been identified in response to overspends.
- f. Cllr Waight, Cabinet Member for Support Services and Economic Development, reported that the green performance measures were the result of hard work by officers. Work was continuing to find in year savings where available. Cyber security was discussed and the vigilance that was required to combat the increasing sophistication of attacks.
- g. Cllr J Dennis, Cabinet Member for Highways and Transport, reported that measures were showing an upward trend. Capital works has led to improvements in the quality of A,B and C roads. Focus was given to main routes and there had been an increase in the number of road repairs. The Bus Service Improvement programme was progressing well and funds had been received. The Department for Transport had praised the officers' grant application work and proposed that other authorities should follow their example.
- h. Cllr Urquhart, Cabinet Member for Environment and Climate Change, expressed disappointment with the Autumn statement for the lack of Government support for local authorities. Decarbonisation work was due to commence on Council properties. Food waste collection was being introduced in March 2026 so work on preparations would be done with District and Borough authorities. Overspends had been realised due to the Government mandating organic pollutants methods.

24.7 Cllr Hunt summarised the discussion and praised the work that all teams continued to provide to deliver an excellent service to residents despite financial pressures.

24.8 Resolved that the report be noted.

25. West Sussex Youth Cabinet Update

25.1 The Cabinet considered a report by the West Sussex Youth Cabinet (copy appended to the signed minutes).

25.2 The Leader welcomed Iffrat Rahman, Chairman of the West Sussex Youth Cabinet, to the meeting and invited Iffrat to introduce the report.

25.3 Iffrat introduced the report and summarised the campaign work of the Youth Cabinet which included racial equality, the environment and mental health and wellbeing. Collaboration with West Sussex Cabinet was praised and the importance of maintaining this link was expressed.

25.4 The Cabinet thanked the Youth Cabinet's hard work and also encouraged continued collaboration. The Cabinet noted that Iffrat's term as the Chairman was ending and gave particular thanks for her hard work and expressed best wishes towards future candidates. The GRIT campaign was particularly noted for the confidence and resilience it had offered young people in collaboration with the fire service.

25.5 Resolved that the report be noted.

26. Care Quality Commission Assurance - West Sussex County Council Self-Assessment for the delivery of Adult Social Care

26.1 The Cabinet considered a report by the Director of Adults and Health and Assistant Director Improvement and Assurance (copy appended to the signed minutes).

26.2 Cllr A Jupp introduced the report which outlined the current assessed position of Adults' Services and their aspiration. The report would continue to be updated and supported as relevant data became available. The assessment had been considered by HASC, and Cllr A Jupp resolved to keep Cabinet updated with progress.

26.3 Mr Sinclair, Director of Adults and Health, confirmed that the assessment was ongoing and that quarterly updates were planned with improved evidence. The next version would include benchmarking information, but national information was not currently available. Uncertainty remained as to when the inspection would take place, but preparation would continue.

26.4 Cllr Wall confirmed that HASC had welcomed the report and the engagement with County Councillors. The early start on preparations had been praised, as had the deep dive into the service for the self assessment and the acknowledgement of good and poorer performance.

26.5 The Cabinet welcomed the objective view that had taken place for the self assessment and the recognition of required improvements.

26.6 Resolved that the report be noted.

27. Highway Maintenance - in depth performance report at Quarter 2 2023/24

27.1 The Cabinet considered a report by the Director of Place Services (copy appended to the signed minutes).

27.2 Cllr J Dennis introduced the report and explained how the additional £4.3m had been allocated following an exceptional winter to address highway repairs and underlying issues. The impact of Heavy Goods Vehicles and heavy electric vehicles on the road was acknowledged. The work of jet patching, fix and find gangs and patching works were discussed and how 95% of repairs had been 'right first time'. Highways officers and contractors were thanked for their commitment and hard work.

27.3 Cllr Oakley reported that CHESC would be examining the effectiveness of the introduced measures, and that PFSC would monitor value for money.

27.4 The Leader noted the challenges for the highway and the commitments that had been made for improvements. The Leader stated that the £17m from the Government was not sufficient for maintenance and so additional funding had been added from County Council budgets. Highways officers and contractors were thanked for their hard work. Flooding demands were also noted and that the Cabinet were committed to making necessary improvements in response to climate change weather events.

27.5 Resolved that the report be noted.

28. Emerging Issues

28.1 The Leader confirmed there were no portfolio updates required.

29. Date of Next Meeting

29.1 The Cabinet noted that its next scheduled meeting will be held on 30 January 2024.

The meeting ended at 12.35 pm

Chairman

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**Key decision: Yes
Unrestricted
Ref: CAB06_23/34**

Report to Cabinet

30 January 2024

Council Plan and Revenue Budget 2024/25

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

Electoral division(s): All

Summary

The report in Appendix A sets out a balanced budget for 2024/25, Capital Strategy for 2024/25 to 2028/29 and Treasury Management Strategy Statement for 2024/25, all of which will provide the financial resources to deliver on the priorities set out in the Council Plan. Since the last update to Cabinet in October 2023, the Autumn Statement was announced on 22 November 2023 and the Provisional Local Government Finance Settlement on 18 December 2023. Lobbying has continued to highlight the need for Government to recognise the spending pressures the County Council is facing, particularly in relation to children's placement costs and home to school transport. However, the proposed budget has been set assuming there will be no significant changes when the final settlement is published in early February 2024.

The County Council is required to set a balanced budget for each financial year. Given limited new Government funding and the pressures of increasing demand and cost of services, balancing the budget for 2024/25 has been even more challenging this year.

The budget report is therefore prepared on the assumption the County Council agrees a 2.99% increase in general Council Tax and a 2.0% increase for the Adults' Social Care precept, budget reductions of £15.7m and the use of £3.6m of the budget management reserve to balance the budget. Although the report in Appendix A is largely focused on 2024/25, the County Council must plan across the medium term. The current Council Plan is expected to remain in place until 2025 but is reviewed annually and the financial position for the four years from 2025/26 is set out in Section 6 of the report. It shows a funding shortfall of at least between £58m and £190m depending on the level of Council Tax between 2025/26 and 2028/29.

Recommendation

Cabinet is asked to endorse the Council Plan and the County Council Budget for 2024/25, as set out in Appendix A. This includes the recommendations listed on page 5 and Annex 1, the updated Council Plan as set out in Annex 1 (Appendix 8), the Capital Strategy set out in Annex 2(a) and the Treasury Management Statement set out in Annex 2(b), for approval by County Council on 16 February 2024.

Proposal

1 Background and context

1.1 The ambitions and service priorities of the County Council are detailed in the Council Plan which covers what the Council will do and the specific targets that will be used to judge performance during the year. The revenue budget, capital programme and treasury management strategy statement provide the financial resources to support delivery. The Council Plan, Revenue Budget and Capital Programme are fully integrated through the business planning process which continues to focus on the four priority outcomes underpinned with a cross cutting theme of protecting our environment:

- Keeping people safe in vulnerable situations,
- a sustainable and prosperous economy,
- helping people and communities fulfil their potential and
- making best use of resources.

1.2 The business planning process matches available resources with the delivery of priority outcomes so that there is a focus on setting a budget which will have the most beneficial effect for the people of West Sussex. A revised Council Plan is set out in Annex 1 (Appendix 8), reflecting the current context - the impact of cost-of-living pressures on residents, the continuing demand pressures that the County Council is facing, the long-term uncertainty around funding and reform, the investment the County Council is making in infrastructure and the work underway with partners to strengthen and grow the West Sussex economy.

1.3 The Key Performance Indicators (KPIs) and targets have also been reviewed and refreshed for 2024/25. This refresh included considering feedback from scrutiny committees through the 2023/24 quarterly Performance and Resources Reports (PRR) and through the consultation and engagement that took place in November and December 2023 as set out in Annex 1 (Appendix 9).

1.4 The 2024/25 revenue budget and Capital Programme support the council priorities set out in the Council Plan and balance spending pressures with the funding available from council tax, business rates, fees and charges and grants.

2 Proposal details

2.1 The financial impact of the Provisional Settlement has been reflected in the full budget report and reflects a balanced position assuming the Council agrees a 2.99% increase in Council Tax, a 2% Adults' Social Care precept and £3.6m use of reserves.

2.2 While the announcements in the Provisional Settlement showed Core Spending Power increasing by £49.6m, only £14.5m relates to government funding with the remainder being from Council Tax assuming the County Council will implement the maximum increase of 4.99%.

2.3 During 2024/25, the County Council is expected to spend £2,043.5m on day-to-day revenue services (including schools) and £131.6m through capital investment into roads, highways, schools, operational estate and IT and digital infrastructure. After taking account of grants, fees and charges and other contributions, net revenue expenditure of £761.4m is proposed for 2024/25, an increase of £52.6m (7.4%) compared with 2023/24.

- 2.4 There are significant pressures as a result of increased demand and cost of services, particularly in social care, home to school transport, general inflation and funding the National Living Wage. There is also increased investment in highways. The draft budget includes an additional £54.1m for service pressures and £27.8m for pay and price inflation to continue to meet the needs of residents. The budget has been prepared based on the latest information, trends and forecasts but there remain significant risks and uncertainties, particularly in relation to social care. As a result, corporate contingency has been increased to £22m, of which £10m has been set aside for social care.
- 2.5 On considering its financial position, the County Council will always look to the medium term and the next three to five years. Although the budget report is largely focussed on the budget for 2024/25, it is set within the context of a medium and longer term challenge. For 2025/26 to 2028/29 there remains a budget gap of between £58m to £190m depending on the level of Council Tax increase in these years. The assumptions underpinning this forecast remain under regular review.
- 2.6 The five-year forecast of reserve balances is included and they remain at a prudent level for managing the level of risk and uncertainties facing the County Council but do not provide a solution for balancing the budget from 2025/26 onwards. The forecast assumes the replenishment of the reserve used for balancing the 2024/25 budget (£3.6m), £3m for one-off pressures in 2024/25 and £3m of continued investment into highways and roads. Replenishment is essential for ensuring reserve balances remain at a level to manage future risks and maintain financial stability.
- 2.7 Before the end of the current financial year, work will start on developing a longer-term approach to balancing the budget. This will include continuing to lobby Government to recognise the demand pressures facing the County Council, but further reductions are likely to be required. Efficiencies will continue to be explored but it will also require a deeper structural approach that considers how services are provided and prioritised within the Council's limited financial resources.
- 2.8 The Dedicated Schools Grant for 2024/25 is £850.3m and full details are set out in Section 4 of Annex 1. The forecast deficit is £74m by March 2024, increasing to £154m by March 2025. This deficit relates to the high needs block and the high numbers of young people with Education Health and Social Care Plans. Although the accounting statutory override remains in place until 2026, the deficit is already impacting the County Council's general fund budget through increasing pressures on the home to school transport budget and loss of investment income of cash balances used to provide for the shortfall.

3 Consultation, engagement and advice

- 3.1 Consultation and engagement on the Council Plan priorities and draft budget proposals took place during November and December 2023 with Members, key stakeholders and the wider community, including an online public consultation. The full details, as set out in Appendix 9, will be considered by the Performance and Finance Scrutiny Committee on 24 January. Cabinet has considered the feedback to date and no changes to the Council Plan priorities or the 2024/25 budget proposals are considered necessary as a result.

Agenda Item 4

- 3.2 Feedback from the Performance and Finance Scrutiny Committee on 24 January will be provided either as a verbal update or as a supplementary report to Cabinet at this meeting. All feedback will be considered by Cabinet in putting together the final draft budget for 2024/25. The final recommended budget will be presented to County Council on 16 February 2024.

4 Finance

- 4.1 The financial implications are set out throughout the report.

5 Risk implications and mitigations

- 5.1 The risk assessment implications and mitigations are set out in section five of Appendix A.

6 Policy alignment and compliance

- 6.1 The approach set out above is in alignment with Our Council Plan and delivers a balanced budget for 2024/25 in accordance with the County Council's statutory duty.
- 6.2 Further background and context are set out in the reports detailed to below including resource, equality, social value, sustainability and legal implications.

Taryn Eves

Director of Finance & Support Services

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Appendices

Appendix A – Revenue Budget 2024/25

Annex 1 - Budget Pack:

Appendix 1 – Summary of Revenue Budget and Precept 2024/25

Appendix 2 – Analysis of Changes

Appendix 3 – Balancing the Budget

Appendix 4 – Grants Towards Specific Services

Appendix 5 – Reserves

Appendix 6 – Detailed Portfolio Budgets

Appendix 7 – Fees and Charges

Appendix 8 – Our Council Plan and Amended KPIs

Appendix 9 – Consultation and Engagement

Annex 2(a) - Capital Strategy 2024/25 to 2028/29

Appendix A – Capital Programme Portfolio Pages

Appendix B – MRP Statement 2024/25

Appendix C – Illustrative External Debt

Appendix D – Graphical illustration

Appendix E – Flexible use of capital receipts 2023/24

Appendix F – Flexible use of capital receipts 2024/25

Annex 2(b) – Treasury Management Strategy Statement 2024/25

Appendix A – West Sussex County Council – Treasury Portfolio

Appendix B – Economic and Interest Rate Forecast (Link Asset Services)

Annex 2(c) – Prudential Indicators 2024/25 to 2028/29

Annex 3 – Equality Impact Assessment

Annex 4 – Comments from the Performance and Finance Scrutiny Committee (To Follow)

Background Papers

None

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