

Report to Cabinet

January 2021

Revenue Budget 2021/22, Capital Strategy 2021/22 to 2025/26 and Treasury Management Strategy Statement 2021/22

Report by Director of Finance and Support Services

Electoral division(s): All

Summary

The report in Appendix A sets out a balanced budget for 2021/22 as well as the Capital Strategy for 2021/22 to 2025/26 and Treasury Management Strategy Statement for 2021/22. Since the Cabinet last looked at the budget proposals in November 2020 the one year Comprehensive Spending Review (CSR) for 2021/22 was announced on 25th November 2020 and the provisional financial settlement on 17th December 2020.

West Sussex County Council is required to set a balanced budget for each financial year by statute. The council tax flexibility and grant announcements in the CSR, particularly the provision to increase the Adult Social Care (ASC) precept by up to 3% that were further clarified in the provisional settlement, enables the council to set a balanced budget and review the proposed savings approved for further work by Cabinet in November. The proposed changes are set out in paragraphs 2.2 and 2.3 below.

The Budget Report is prepared on the assumption the Council agrees the 1.99% increase in council tax and a 3.0% increase for the adults' social care precept. Challenges continue for future years as we await the next Comprehensive Spending Review, the Fair Funding Review and proposals for a long term sustainable approach to Adult Social Care.

Recommendation

Cabinet is asked to:

Endorse the County Council Budget for 2021/22, as set out in Appendix A and Annex 1, 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 12 February 2021.

1 Background and context

- 1.1 The Budget for 2021/22 has been under review since summer 2020 and was last reviewed by Cabinet on 24th November 2020. This is an annual process, which has been delayed this year as a consequence of the impact of the Covid-19 response during the national lockdown earlier in the year and the on-going uncertainty about future funding levels for local government nationally.
- 1.2 West Sussex County Council faces a particularly challenging set of circumstances this year, not least of which is the financial impact arising from the pandemic, both in 2020/21 and in terms of any on-going impact in future years, but also in terms of the scale of the pressures for growth in the budget and the continued uncertainty about the outcomes of the Comprehensive Spending Review, the Fair Funding Review, the Review of Business Rates and the future funding of adult social care.
- 1.3 The November report set out the challenging position reflecting a remaining gap of £23.4m for 2021/22 after progressing the £20.2m outlined in the report. The gap for the next four years prior to savings is £110.6m.
- 1.4 Subsequent to the November Report, the Government announced its one year Comprehensive Spending Review on Wednesday 25th November. This was followed by the publication of the Provisional Local Government Settlement on 17th December, with detail of the funding of local government in 2021/22, including options for grant funding and the flexibility for increasing council tax.
- 1.5 The significant announcements are outlined in paragraphs 2.6 to 2.8 in the Budget Report and include council tax flexibilities to increase the council tax by up to 2% without a referendum and the ability to levy an Adult Social Care precept of up to 3%.

2 Revenue Budget 2021/22

- 2.1 The financial impact of the announcements in the autumn has been reflected in the Budget Report and now reflects a balanced position assuming Council agrees the 1.99% increase in council tax and the 3% ASC precept.
- 2.2 The following proposed savings (totalling £1.865m), that were approved for further work in November, will not now be progressed at this time:
 - Review of Lifelong services (£1.12m)
 - Measures to reduce amount of DIY Waste (£0.25m)
 - Review of the number of HWRS sites (£0.095m)
 - Reduction in Discretionary Bus Passes (£0.2m)
 - Ending Community Highway Schemes (£0.05m)
 - Reduction in Public Transport Support (£0.15m)
- 2.3 As a consequence of the further work commissioned in November, there have also been some amendments to the phasing and the accounting for some of the proposals:

- National House Project (£1.0m) has been phased across both 2021/22 and 2022/23.
- Increase in Council's top slice of Early Years DSG to compensate for the lost Central DSG grant funding used for the wider benefit of children and young people (£0.45m) has been phased across 2021/22 and 2022/23.
- Removal of Community Initiative Fund (CIF) (£0.248m) has been reviewed and split between Removal of Community Initiative Fund (CIF) (£0.140m) and Review of Democratic Support (£0.108m)

2.4 The savings table below, presented as part of the report to Cabinet in November, has been adjusted to reflect these changes:

November 2020 Savings Proposals (Updated)	2021/22 £000	2022/23 £000
Cabinet Member for Adults and Health		
1. Review of in-house services	640	-
2. Not re-opening Shaw day services	250	-
3. Review of Lifelong services day services	-	2,240
Cabinet Member for Children and Young People		
4. National House Project	250	750
5. Increase in Council's top slice of Early Years DSG to compensate for the lost Central DSG grant funding used for the wider benefit of children and young people	225	225
Cabinet Member for Economy and Corporate Resources		
6. IT service redesign as part of early return of Capita contract	500	250
7. Public Health Grant	370	88
8. Review of Democratic Support	108	-
Cabinet Member for Fire & Rescue and Communities		
9. Development of adapted library service offer in conjunction with Parish Councils	70	-
10. Removal of Community Initiative Fund (CIF)	140	-
Cabinet Member for Highways and Infrastructure		
11. Review highway and transport fees and charges	200	-

2.5 After setting a balanced budget for 2021/22 the Medium Term Financial Strategy sets out a gap prior to any savings delivered of £35.8m for 2022/23, £13.9m for 2023/24 and £4.2m for 2024/25 totalling £53.9m over the over the subsequent three years. We will continue to update the medium term position reflecting any future government announcements, including the next Comprehensive Spending Review, the Fair Funding Review, the Business Rate System Review and the long term plan for Adult Social Care.

3 Consultation, engagement and advice

3.1 Plans for formal public consultation will be formulated in relation to those remaining savings options confirmed for further consideration in November and which trigger a requirement for such consultation. The Forward Plan sets out which proposals will lead to formal consultation arrangements. Stakeholder and

specific customer engagement may also be considered important to provide the fullest information base for future decisions in specific areas and those proposals will also be suitably identified within the Forward Plan.

- 3.2 All proposals are available for further Member scrutiny in line with the usual arrangements prior to the final consideration by the Cabinet or Cabinet Member.

4 Finance

- 4.1 As this is a Budget Report the financial consequences are covered within the body of 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 the Reset Plan for West Sussex County Council and delivers a balanced budget for 2021/22 in accordance with statutory duty.

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Appendices

Appendix A – Revenue Budget 2021/22

Annex 1 - Budget Pack:

- Appendix 1 – Summary of Revenue Budget and Precept 2021/22
- 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

Annex 2(a) - Capital Strategy 2021/22 to 2025/26

- Appendix A – Capital Programme Portfolio Pages
- Appendix B – MRP Statement 2021/22
- Appendix C – Illustrative External Debt
- Appendix D – Graphical illustration
- Appendix E – Projects to be funded from flexible use of capital receipts

Annex 2(b) – Treasury Management Strategy Statement 2021/22

Appendix A – West Sussex County Council – Treasury Portfolio
(31/12/2020)

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

Annex 2(c) – Prudential Indicators 2021/22 to 2025/26

Annex 3 – Equality Impact Assessment

Annex 4 – Comments and recommendations from Performance and Finance Scrutiny
Committee (to follow)

Background papers

None