

## **Council Plan and Budget 2022/23**

### **Executive Summary**

The importance of the services provided by this Council to the residents, businesses and communities of West Sussex continues to be very evident, especially the crucial support we provide for those in vulnerable situations. As well as responding to Covid-19 we continue to focus, with our partners, on supporting recovery from the longer-term consequences of the pandemic as we plan for the future. We are also influencing and responding to a range of significant national policy developments which will have implications for the Council's services. Our ambitions are captured each year in a detailed Council Plan which covers what we will do and the specific targets we will use to judge our performance during the year. The Council Plan, revenue budget and capital programme are fully integrated through our business planning process.

Our business planning continues to be underpinned by a relentless focus on our four priority outcomes (with a cross cutting theme of tackling climate change), which are:

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

The process matches available resources with our delivery of our priority outcomes so that we focus and protect our efforts and spending where it will have most effect. Our Council Plan has been reviewed in parallel with the budget for 2022/23. As it is aligned to the budget and medium-term financial strategy, it acts as the framework in which investment decisions are made, based on the priorities of the Council and the outcomes we want to achieve for people in West Sussex. We have strengthened our integrated business and financial planning cycle, built on a good understanding of the factors that drive high quality financial management and service delivery, reflecting the national and local policy context, a comprehensive understanding of the financial position (revenue and capital) and the service challenges in supporting the needs of residents, businesses and communities.

Our integrated business and financial planning process brings together our business planning, financial planning and risk management processes. It provides the framework for the County Council's decision making and planning to ensure we are making the very best use of the resources available, understanding the value for money we deliver and at the same time remaining focussed on our priority outcomes. It also ensures we understand the implications of the tough choices that will need to be made in the face of huge resource and demand challenges, as well as the ongoing uncertainties arising from the pandemic, Brexit and outstanding questions about the future of local government funding. Given the level of uncertainty in future funding pressures and settlements from the Government, effective lobbying with local, regional and national partners to ensure the Government understands the needs of West Sussex residents, businesses and communities will be key.

This budget report forms part of the County Council's approach for financial stability, not only setting out the balanced budget for 2022/23 which is a legal requirement, but also looking over the medium to long term covering the subsequent three year

period to 2025/26, whilst ensuring that we deliver on the key priorities within Our Council Plan. Despite significant overall reductions in government funding since 2009/10, the Council continues to make progress in delivering its ambitions on behalf of our residents, while achieving this within the resources available to us.

The proposed budget keeps within the 2% reasonableness threshold for core council tax rises and uses the flexibility to raise a further 1% precept for Adult Social Care. Both of these were announced in the Comprehensive Spending Review in October 2021 and confirmed in the Provisional Local Government Finance Settlement for 2022/23. Using these flexibilities provides us with much needed certainty on funding for 2022/23. It also seals in this funding for future years at a time when the future for local government finance is undergoing considerable change and resourcing our future plans remains challenging.

The County Council continues to focus on the areas which will make the biggest difference to the lives of its residents and the future prosperity of the county. In order to achieve these ambitious objectives in the context of the continuing low levels of public finances, as well as meeting the growing demand of our statutory responsibilities, we propose a core council tax rise of 1.99% plus an additional 1% Adult Social Care precept, giving a proposed total council tax rise of 2.99% for 2022/23.

Net revenue expenditure of £648.342m is proposed for 2022/23, an increase of £23.509m (3.8%) compared with 2021/22. The budget balances spending pressures such as pay and prices, costs arising from the National Living Wage and the service pressures particularly in Adults' and Children's Social Care Services with the funding available from council tax, business rates, fees and charges and grants.

Engagement with members, including two members' briefings during the year, alongside reviews undertaken by scrutiny committees, have kept members informed about the developing budget. Developing this budget has been extremely challenging, set within the context of great uncertainty from the ongoing pandemic. The savings required to achieve a balanced budget for 2022/23, together with early savings plans for 2023/24, are set out in Appendix 3 to Annex 1 (enclosed with the agenda).

The Capital Strategy (Annex 2(a)) is presented alongside the budget report for approval by the County Council. It sets out a high-level, long-term overview of how capital expenditure and capital financing activity contribute to the Council's key priorities in Our Council Plan, together with details of the proposed five-year capital programme. The Capital Strategy includes the Council's Flexible use of Capital Receipts Strategy, also for approval by the County Council. The Treasury Management Strategy Statement 2022/23 (Annex 2(b)) sets out our Treasury Management activity and is also presented alongside the budget report for approval by the County Council.

## **Section One: Introduction**

- 1.1 The pandemic has continued to dominate events during 2021, with associated financial impacts and implications, which are likely to extend beyond 2021/22. The uncertainty caused by the pandemic has been added to by other events impacting upon the economy such as staff shortages in key occupations, including social care and drivers. The Office of Budget Responsibility (OBR) has indicated that the economy is recovering faster than originally expected from the impacts of the pandemic and growing at a faster rate than anticipated with

unemployment at a lower rate than previously predicted. Inflation continues to run high with the latest figures revealing the cost of living rose by 5.4% in the twelve months to December, its highest rate in 10 years. In addition, the Bank of England took the decision in December 2021 to increase the bank rate by 0.15% to 0.25% which will also have an impact on the economy over the coming year.

- 1.2 During the last financial year, the Council has implemented Our Council Plan which brings together the overarching service delivery and community objectives with the resources that underpin their delivery. This approach has been embedded within the performance management arrangements through the introduction of the Performance and Resources Report (PRR) presented quarterly to all scrutiny committees and Cabinet. This report replaces the Quarterly Performance Monitor (QPM).
- 1.3 The pandemic continues to provide challenges, both service and funding related, in terms of new variants of the disease, the changing public health requirements, the demand for services, in particular social care, and the unfolding implications upon council tax and business rates collection. However there have been additional challenges in 2021/22 such as the inflationary impact of changes in relation to staff shortages and utility costs, alongside the need for public services to respond to the Afghan refugee crisis.
- 1.4 Our Council Plan has been updated in parallel with the development of the budget for 2022/23. As it is aligned to the budget and medium-term financial strategy, it acts as the framework in which investment decisions can be made based on the priorities of the County Council and the outcomes we want to achieve for people in West Sussex.
- 1.5 The Government announced a three year Spending Review (SR21) in October 2021, covering the financial years 2022/23 through to 2024/25 although the Provisional Local Government Financial Settlement in December 2021 was a one-year settlement only and therefore there remains uncertainty around funding in the medium term.
- 1.6 Our improvement journey includes the redesign of business processes to transform services, reduce costs and manage demand. Funding for the work to achieve these ongoing improvements will come from either the flexible use of capital receipts or the Service Transformation Reserve. The Flexible Use of Capital Receipts Strategy, which is included in the Capital Strategy (**Annex 2(a)**), outlines the approach.

## **Our Council Plan**

- 1.7 The County Council's integrated business and financial planning cycle is based on a good understanding of the local evidence base, the national and local policy context, a comprehensive understanding of the financial position (revenue and capital) and the service challenges in meeting the needs of residents, businesses and communities.
- 1.8 Our Council Plan, underpinned by the cross-cutting theme of tackling **climate change**, sets out our four key priorities:
  - **Keeping people safe from vulnerable situations;**

- **A sustainable and prosperous economy;**
  - **Helping people and communities fulfil their potential; and**
  - **Making the best use of resources.**
- 1.9 In the update of Our Council Plan and the Medium-Term Financial Strategy (MTFS) presented to Cabinet in October, it was noted that the outcomes and priorities in Our Council Plan must remain relevant and appropriate as we move forward into a new planning cycle. It was agreed that it was important to keep them under regular review. For the forthcoming business planning and budgeting cycle, the existing priorities and outcomes remain relevant and appropriate in the context that West Sussex County Council is operating.
- 1.10 As set out at October's Cabinet, we have reviewed the introduction to the plan and the Key Performance Indicators (KPIs) as services have refreshed what is being delivered for 2022/23. While the vast majority of KPIs remain appropriate, it is recommended that a number should be updated. A table at **Appendix 8** sets out which KPIs are recommended to be changed, the reason for the proposal and the detail of the new KPI. A slightly revised introduction to the plan, which reflects the current context, is also attached at **Appendix 8** for approval.

### **Managing the Pandemic in 2021/22**

- 1.11 The implications of the pandemic for service delivery are continuing to emerge and will continue to do so in 2022/23. The impacts upon the delivery of social care services continue to be felt acutely, not least reflected in the extension of infection control measures and associated funding through to the end of March 2022. West Sussex County Council has adopted a pragmatic approach to the use of the funding available, with the Executive Leadership Team playing a key governance role in determining how to distribute funding where there is local discretion over its use, noting the flexibility which has been recently announced to carry over uncommitted funding into 2022/23.
- 1.12 In recognition of the rapidly changing circumstances relating to the impact of the pandemic, it is too early to know the cost implications of the pandemic for 2022/23, consequently no cost pressures have been factored into the budget at this stage. However, it is acknowledged that there is significant risk, particularly around the rapidly increasing cost of care, and it is expected that these pressures would be met either through new government funding or uncommitted funds in 2022/23. Implicit within this assumption is the expectation that the Government will continue to provide additional funding to address specific issues and pressures emerging as a consequence of the pandemic, as it has to date.

## **Section Two: Spending Review and Financial Settlement**

### **Spending Review 2021 (SR21)**

- 2.1 The SR21 announcements directly impacted the planning for the 2022/23 budget for West Sussex County Council. The most significant aspects were in relation to the following:

- (a) The council tax referendum threshold for increases in council tax remains at 2% per year with local authorities with social care responsibilities able to increase the Adult Social Care precept by up to 1% per year. The SR21 reflects assumptions on the level of the Core Spending Power (CSP) for local authorities. The CSP across the three years of the SR21 has assumed that local authorities will increase council tax by the maximum allowed, i.e., for West Sussex County Council (WSCC) this would be 2.99% in 2022/23 and will be considered in the amount of government grant received by local authorities.
  - (b) Local government to receive £4.8bn (approximately £1.6bn annually) of new funding over the three-year period for social care and other services to cover costs of vital services and additional National Insurance contributions.
  - (c) Schools allocated an extra £4.7bn over three years for core budgets. A further £1.8bn has been targeted at Education Recovery and £2.6bn is intending to provide 30,000 new Special Education Needs and Disabilities (SEND) school places.
- 2.2 In addition, the Government has recently published 'Building Back: Our Plan for Health and Social Care' and a white paper called 'People at the Heart of Care'. The key headlines included:
- (a) 1.25% increase in national insurance, from April 2022 ringfenced for health and social care (public sector to be compensated for increased cost of levy).
  - (b) Taxation increase will raise around £36bn over the next three years. Of this, only £5.4bn will be invested in adult social care with the remainder going into the NHS.
  - (c) The distribution methodology for the local government £5.4bn will be published later.
  - (d) £86,000 cap on total care costs and means-testing for financial support will be implemented from October 2023.
  - (e) Self-funders will be entitled to access care rates paid by Local Authorities.
- 2.3 The detail on the way in which the proposals will operate remains to be published and therefore the potential financial implications are not yet known. However, the Government has stated "we expect demographic and unit cost pressures will be met through council tax, social care precept, and long-term efficiencies" and through the SR21, have provided scope for local authorities to levy an additional 1% Adult Social Care precept on council tax, which for WSCC would deliver an additional £5.1m of funding. This would support a more sustainable financial outlook for Adult Social Care services.

### **Local Government Finance Settlement**

- 2.4 The Provisional Local Government Finance Settlement, published on 16 December, provided confirmation of the key announcements outlined in the SR21:

- A maximum increase in precept of 2.99% - a core increase of 1.99% and up to 1% for Adult Social Care Precept.
- An increase in Core Spending Power of 6.9% in cash terms, assuming all authorities levy the maximum precept allowed in 2022/23.
- Of the £1.6bn announced in SR21, £70m will be used to apply inflation to RSG, £63m for Improved Better Care fund (iBCF), £636m for additional social care grants, and £822m for the one-off new Services Grant to cover costs of vital services and additional National Insurance contributions.
- £162m to support local authorities as they prepare for the adult social care reform and to help move towards paying a fair cost of care.
- A further year added of the New Homes Bonus.

2.5 Key funding announcements for WSCC in the Provisional Settlement are set out below (with 2021/22 figures shown for comparison).

**Table 1: Key funding announcements**

<b>Item</b>	<b>2022/23</b>	<b>2021/22</b>
Settlement Funding Assessment (excluding s31 grant)	£79.269m	£79.257m
Improved Better Care Fund	£20.612m	£20.006m
Social Care Support Grant	£25.827m	£18.169m
2022/23 Services Grant – one off	£5.464m	n/a
Market Sustainability and Fair Cost of Care (included within Adults Services portfolio)	£2.230m	n/a
New Homes Bonus	£1.959m	£2.352m

### **Local Government Funding Outlook**

- 2.6 The settlement was for one year only with the priority being “stability in the immediate term”, with a more fundamental review of local government funding starting in 2022. The Government “is committed to ensuring that funding allocations for councils are based on an up-to-date assessment of their needs and resources” but there is no certainty over funding allocations for the medium term. It is anticipated the impact will be phased over two years but the full implications remain unknown.
- 2.7 The additional costs of implementing social care reforms are unknown although early modelling by the sector suggests significant additional costs. It is unclear whether the current funding available for market reforms will be sufficient.
- 2.8 There continues to be a possibility that income derived from both council tax and business rates will be adversely affected as the economy adjusts to the impact of Covid-19 and Brexit. Both of these aspects will be kept under review.
- 2.9 The financial difficulties faced by local authorities have been highlighted in particular by the experiences of the London Borough of Croydon and Nottingham City Council, emphasising the importance of prudence and financial

resilience. WSCC continues to demonstrate these qualities, as reflected within the external audit report for the financial year 2020/21 and the prioritisation of maintaining our reserves at an appropriate level.

### **Section Three: Medium Term Financial Strategy 2022/23 to 2025/26**

#### **2021/22 Budget Position**

- 3.1 The September 2021 forecast outturn position (reported to the [Cabinet](#) (PDF, 9.9MB) in December 2021) shows an overspend of £1.386m which will be managed through further management actions and/or the use of the revenue contingency. This overall position assumes the costs relating to the pandemic will be fully funded from grants and partner contributions received.
- 3.2 The County Council has continued to respond to the pandemic and its impact on the services delivered to residents. Uncertainty with regards to the ongoing impact on demand and the cost of council services remains. These uncertainties, coupled with the changeable short-term economic outlook, make forecasting the end of year outturn position difficult. Ongoing economic implications on services will continue to be closely monitored.

#### **Next Four Financial Years: 2022/23 to 2025/26**

- 3.3 Throughout 2021/22 a programme of work has been undertaken to review the MTFS and set a balanced budget. However, there remains significant uncertainty around funding from 2023/24 onwards with the review of the Government's funding methodology due to commence in early 2022. The Fair Funding Review and changes to the business rates retention scheme, originally planned to be implemented from April 2020, has been postponed for a number of years and has, therefore, delayed the impact on local authorities' funding assumptions. The Government is committed to implementing the changes and it is expected that there will further indication of the impacts by the summer 2022. The current MTFS assumes the impact from the implementation of the funding distribution methodology changes will be phased across 2023/24 and 2024/25. The assumptions underpinning the MTFS can be found in Table 3 below.
- 3.4 In addition, the social care market remains fragile and early modelling indicates substantial additional costs associated with social care reforms. It is assumed that funding will be provided but there is a risk this will not be adequate to cover the additional costs. The current medium-term position is set out in Table 2 below, reflecting a balanced budget for 2022/23, in accordance with WSCC's statutory responsibilities:

**Table 2: Medium-Term Financial Strategy**

<b>Item</b>	<b>2022/23 £m</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>
<b>Funding</b>				
Council tax	532.6	554.1	576.3	593.7
Settlement Funding Assessment	87.3	73.9	71.3	73.1

<b>Item</b>	<b>2022/23 £m</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>
Non-Portfolio Specific Grants	33.2	25.8	25.8	25.8
Collection fund deficit	-4.8	-1.8	-	-
<b>Total Funding</b>	<b>648.3</b>	<b>652.0</b>	<b>673.4</b>	<b>692.6</b>
<b>Expenditure</b>				
Adults Services	215.9	235.7	244.5	258.1
Children & Young People	139.3	145.8	146.2	147.6
Community Support, Fire & Rescue	45.1	46.7	46.2	46.1
Environment & Climate Change	62.1	64.5	63.9	63.8
Finance & Property	25.1	26.5	26.5	26.8
Highways & Transport	41.4	43.0	42.5	42.3
Leader	2.9	2.9	2.9	2.9
Learning & Skills	29.0	31.6	32.7	34.0
Support Services & Economic Development	41.5	42.5	42.0	41.9
<b>Service Expenditure</b>	<b>602.3</b>	<b>639.2</b>	<b>647.4</b>	<b>663.5</b>
<b>Non-Portfolio</b>	<b>46.0</b>	<b>38.5</b>	<b>44.0</b>	<b>48.8</b>
<b>Net Expenditure</b>	<b>648.3</b>	<b>677.7</b>	<b>691.4</b>	<b>712.3</b>
<b>Budget Gap</b>	<b>-</b>	<b>-25.7</b>	<b>-18.0</b>	<b>-19.7</b>

NB: Future years (2023/24 onwards) include assumptions relating to savings as well as demographic and inflationary changes.

3.5 The means of providing a balanced budget proposal has considered a combination of a number of moving factors (the assumptions are detailed in Table 3 below):

- Savings proposals
- Demand pressure estimates
- Local Government Finance Settlement
- The rate of inflation as reflected by the Consumer Price Index in September 2021 and OBR economic forecasts published in October 2021
- Pay inflation
- The outlook for future council tax and business rates collection

**Table 3: Key Assumptions**

<b>Key Assumption</b>	<b>Financial Implications</b>
Fairer Funding – Settlement Funding Assessment	Changes resulting from the implementation of changes to the distribution methodology are phased across 2023/24 and 2024/25.
Covid-19	Assumes existing grant funding will provide the necessary cost resilience to deal with the on-going impact.
Council Tax	That the current cap on increases in council tax (1.99%) plus the additional 1% social care precept flexibility will be maintained across the period of the three year spending review. For 25/26 the 1.99% only is assumed.
Collection Fund	The phased deficit from 2020/21 is included in 2022/23 and 2023/24 and funded through the Budget Management Reserve. A provision for a projected deficit of £3m from 2021/22 is included in the 2022/23 figures. Any variance will be managed through the Budget Management Reserve.
Tax base	That the number of households will grow by 1% each year from 2023/24. For 2022/23 tax base growth is at 1.5% based on latest data from districts and boroughs.
Business Rates	No growth in the rates base assumed. It is assumed the baseline will increase in line with RPI.
Social Care Funding Grant	That this will be maintained at the 2022/23 level of £25.8m.
New Homes Bonus	Continuation of New Homes Bonus is confirmed at £2m for 2022/23 but no further funding assumed for the remainder of the MTFS.
Financial Implications of Our Plan for Health and Social Care	It is assumed that further costs associated with implementing the process changes and financing additional costs will be met by government funding.
Pay and Price Inflation	Pay assumes an increase of 2.5% in 2021/22 and 3% in 2022/23 with a 2% increase assumed across the remaining years of the MTFS.

Key Assumption	Financial Implications
	<p>Employer's pension contributions are reduced by a further 1% in 2022/23.</p> <p>Additional NI contributions (1.25%) for the Health and Social Care are included for the duration of the MTFS.</p> <p>Price inflation for 2022/23 is set at 3.7% to align with the OBR forecast for 2022/23 financial year and in addition inflation has been included for high value contracts, dependent on the specific indexing included within the contract. For 2023/24 onwards, the latest OBR forecasts have been applied. A further £2.9m is included in the contingency for 2022/23.</p>

3.6 A summary of the movement of the 2022/23 budget gap since October 2021 is detailed below in Table 4:

**Table 4: Movement in Budget Gap – from October 2021**

Item	£m
<b>Net Budget Gap – October Cabinet</b>	<b>2.5</b>
<b>Funding Changes</b>	
Adult Social Care precept	-5.1
Services Grant 2022/23 - one off	-5.5
Social Care Grant – additional	-7.7
<b>Expenditure Changes</b>	
Pay and price inflation provision	7.7
Impact of NI 1.25% directly employed staff	1.4
Impact of NI 1.25% increase on external providers	2.6
Social Care Pressures	5.0
Other changes	-0.9
<b>Updated Budget Gap</b>	<b>0.0</b>

## Reserves

3.7 Reserves held by WSCC ensure that there is financial provision set aside to meet known future one-off commitments or liabilities, known as earmarked reserves, but also as a means of ensuring financial resilience against unknown events and risks, known as general reserves. In the context of the current circumstances of a pandemic and a significant period of change and financial challenges, it is critical that WSCC continues to maintain an appropriate level of both earmarked and general reserves, recognising that by definition these reserves can only be used once.

- 3.8 The Medium Term Financial Strategy is a key tool in ensuring that reserves are maintained at an appropriate level. Whilst the use of specific reserves can be appropriate to support the delivery of services, other reserves will need to be replenished to maintain effective financial resilience and risk management. The one-off nature of reserves and their purpose consequently serves to demonstrate the importance of revenue budgets being sustainable rather than depending upon the use of reserves. The proposals within this report fundamentally underpins this reality.
- 3.9 The overall projected levels of usable reserves and balances are formally reviewed annually. Earmarked reserves (excluding schools) are forecast to stand at £182.2m by 31 March 2022, with a further £20.3m held in the General Fund reserve.
- 3.10 The Budget Management Reserve is used to provide a stable platform for service planning as the MTFS is developed and it is the first call on the County Council's resources to deal with any unforeseen in-year expenditure if the revenue contingency budget of £9.2m was exhausted. The balance on the reserve as at 1 April 2021 was £54.4m and it is anticipated that the balance will be £58.5m at the end of 2022/23. The reserve provides a safety net against a number of critical assumptions around funding, the non or late delivery of savings in 2022/23 and any legislative or accounting changes imposing new burdens. Given the current unprecedented challenges, it is even more important to hold this reserve.
- 3.11 One key change as a result of the funding received from central government as part of the SR20, is the County Council is anticipating holding £15.9m in the Covid-19 Fund at 31 March 2022. It is expected that all this Covid Fund will be deployed in 2022/23 and as allocations are determined funds will be drawn down to the revenue budget during the year to meet additional pressures arising from the pandemic.
- 3.12 In addition, £5.0m has been set aside to cover emerging costs in social care in 2022/23.
- 3.13 The Service Transformation Fund is currently forecast to have a balance of £2.3m at 31 March 2023. Funds will be drawn down to the revenue budget during 2022/23 as required. It is planned to use this reserve to fund a number of the County Council's transformational projects during 2022/23:
- Continued support for the transfer of the remainder of the support services ahead of the contract end in September 2022;
  - costs supporting the implementation of Oracle Fusion which covers Finance, HR and Procurement processes;
  - Better Use of Technology within Children Services through a new recording system to ensure a coherent and connected view of an individual child through system consolidation and integration;
  - any further investment in the County Council's Improvement Programmes.
- 3.14 Any drawdowns from the reserve will be reported in the quarterly Performance and Resources Report. An alternative source of funding for these

transformational activities could be capital receipts, in line with the Flexible Use of Capital Receipts Strategy. The application of this strategy would depend on the level of capital receipts which the County Council is able to secure.

- 3.15 Given the County Council is facing such a challenging financial future, it will therefore be crucial that reserves, both general and earmarked, continue to be managed in the medium term in a way that gives due regard to the need to set a legally balanced budget.

## **Inflation**

- 3.16 The total included for pay and price increases is £25.205m, as shown in column 2 of **Appendix 2**. The budget does not provide for a general or across the board inflation uplift but focuses on targeted provision for areas most under pressure. The approach to allowing for price rises has been as follows:

- Pay budgets – currently the 2021/22 pay uplift for local government employees (NJC) has yet to be confirmed and as a consequence planning for future years is a challenge. Furthermore, the cost of living increase is forecast to remain high adding further pressure to the uplifts awarded. For budget purposes, a provision of 2.5% has been assumed for 2021/22 and 3.0% for 2022/23, with the former part funded from the £2.2m set aside in a pay contingency as part of the 2021/22 budget. Where the pay awards announced exceed the sum provided this will be managed from the general contingency.
  - National Insurance - the budgets include the employers' cost of the 1.25% increase for the Health and Social Care levy. Local government authorities have been reimbursed for this cost in 2022/23 through the one-off Services Grant.
  - With cost-of-living increases predicted to rise further in the coming months, inflation has been set at 3.7% to align with the OBR's forecast for the 2022/23 financial year. In addition, a range of inflationary increases have been also included for high value contracts within the portfolio budgets, dependent on the specific indexing included within the contract. In recognition of the continuing rise of inflationary pressures and the impact this will have on the County Council, an additional £2.9m has been set aside within the contingency.
  - To recognise the increased costs on the corporate estate resulting from the escalation in gas prices, an inflationary increase of 30% (£0.2m) has been provided for energy costs. This is primarily for expenditure on gas as increased costs in electricity are currently manageable through lower occupancy of buildings and increased income from our solar and battery storage farms.
  - An assumed 4.9% (September RPI) on areas of discretion over income, as set out below in paragraph 3.18.
- 3.17 Overall, other than the inflationary adjustments set out in 3.16 above, service budgets are cash-limited and therefore no resources are included centrally to adjust those cash-limits if actual inflation experienced in individual service areas exceeds the allowance made. In this event, services will be required to

manage within the proposed cash limited budget. If, over the longer term, actual inflation exceeds the County Council's assumptions in the MTFs, this could potentially add significantly to the budget pressures we face.

### **Fees and Charges**

3.18 The proposal for any changes or increases to discretionary fees and charges are detailed in **Appendix 7**. The level of fees or income generated is influenced or dictated by a number of factors; the Localism Act 2011 and Local Government Act sets out the general legal framework regarding charging for services, as well as this, there are various other specific legal provisions and local policy objectives. The broad categories of the fees and charges can be also found in the Glossary of Terms within **Appendix 7**. Generally, in line with the County Council's policy to budget for cost inflation, the County Council increases its fees and charges by the published September Retail Price Index (RPI) rate which as at September 2021 increased by 4.9%.

### **Sources of Financing**

3.19 The proposed budget has been developed to align with the priorities set out in Our Council Plan, and against a background of uncertainty for local government funding as the settlement was one year only and the review of funding methodology for the medium term due to commence in 2022.

### **Settlement Funding Assessment**

3.20 The Provisional Local Government Finance Settlement, announced on 16 December 2021, confirmed the Settlement Funding Allocation (SFA) as £79.3m:

	<b>2021/22 £m</b>	<b>2022/23 £m</b>
West Sussex	79.3	79.3
England	16,206.7	16,282.2

### **Business Rates: Baseline Funding Allocation**

3.21 The West Sussex district and borough councils have yet to confirm their business rate estimates for 2022/23 and in recognition of the uncertainty the business community still faces from the pandemic and the exit from the European Union, the County's 2022/23 budget assumes there will be no growth in excess of the business rates baseline.

3.22 As in previous years, we are also expecting to receive grant compensation to recognise government decisions on limiting the increase in business rates. This compensation is estimated at £8.0m in 2022/23, though a final figure will be confirmed when estimates of the business rate take for 2022/23 is supplied by districts and boroughs.

3.23 Given business rate estimates are not anticipated until late January, any variation from the assumed income for business rates will be adjusted through the Budget Management Reserve.

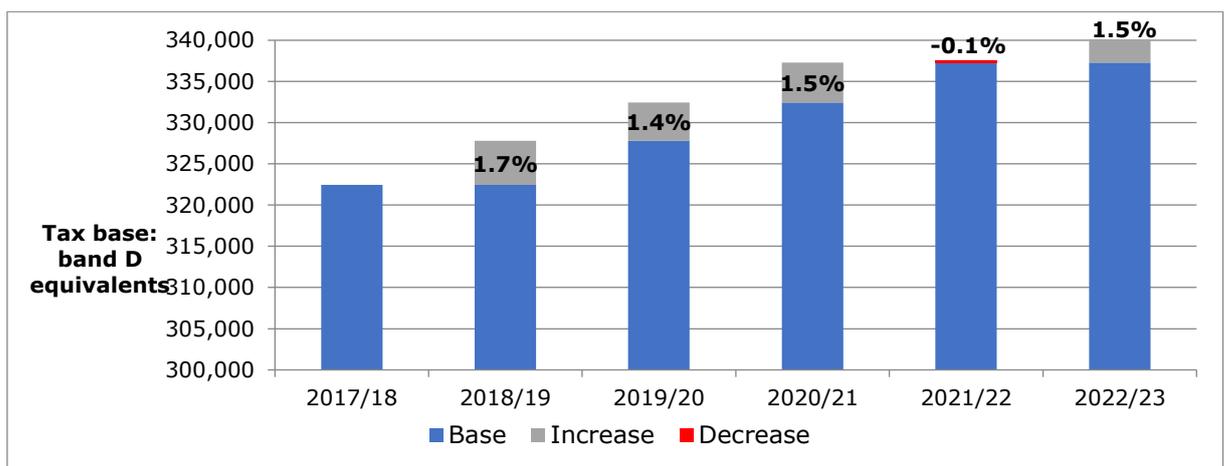
## Business Rate Pooling

- 3.24 For 2022/23, the West Sussex authorities will once again operate as a pool for business rate purposes. The arrangement will consist of the County Council, Adur, Arun, Horsham and Mid Sussex District Councils. Based upon early estimates, the pool is expected to deliver £5.5m for investment in projects.
- 3.25 For the current year, the West Sussex authorities chose to opt out of the business rate pool arrangement due to risks and economic uncertainty of the UK's exit from the European Union and the impact on the local economy of the pandemic.

## West Sussex Local Tax Base 2022/23

- 3.26 The impact of the pandemic on employment and claimants for council tax support resulted in a small reduction in the tax base for the current year. Initially, the tax base was expected to show only early signs of recovery in 2022/23 but estimates from the district and borough councils support a growth assumption of 1.5%. Figure 1 sets out the movement in the tax base since 2017/18.

**Figure 1: Change in the County Council's tax base**



- 3.27 If the final figure is lower than the level assumed, the authority will use its Budget Management Reserve to cover the difference to avoid sudden and late reductions causing last minute service cuts. Assumptions will be reviewed during next year when the MTFS is refreshed.

## Collection Fund

- 3.28 District and borough councils operate a collection fund for both council tax and business rates, which they are responsible for collecting. The actual tax collected may be more or less than expected, meaning that a surplus or deficit must then be allocated to the responsible local authorities in the following year.
- 3.29 Due to the economic impact of the Covid-19 pandemic and the impact on employment and businesses, authorities are facing significant deficit repayments on their collection funds for 2020/21.

3.30 In recognition of this, the then Secretary of State for MHCLG, Robert Jenrick, announced on 2 July, that “the repayment of collection fund deficits arising in 2020/21, will be spread over the next three years rather than the usual period of a year, giving councils breathing space in setting budgets for next year”.

### Specific Grants

3.31 Alongside the SFA, the Government also provides various specific grants. For 2022/23, the non-portfolio specific grants include:

- Social Care Support Grant – £25.8m, an increase of £7.7m from 2021/22 to help support the financial sustainability of the care market and help address core pressures in social care
- Market Sustainability and Fair Cost of Care Fund - £2.2m to enable local authorities to begin preparing social care markets for reform
- Services Grant - £5.5m one-off 2022/23 grant to cover inflationary pressures and additional National Insurance contributions
- New Homes Bonus – £2.0m to reflect legacy payments relating to 2018/19 and 2019/20 plus an allocation for housing growth in 2021/22

3.32 In addition, the portfolio budgets include service specific grants such as the Improved Better Care Fund and Dedicated Schools Grant. A summary of all known specific government grants, both service and non-portfolio, are detailed in **Appendix 4** of the Budget Pack.

### Section Four: Revenue Budget Proposals for 2022/23

4.1 After considering the Provisional Local Government Finance Settlement announcement, the budget assumptions for price inflation, business rates and council tax and the savings proposals, net revenue expenditure of £648.3m is proposed for 2022/23. This is an increase of £23.5m (3.8%) compared to 2021/22, as shown in Table 5 below. The net revenue expenditure shown is based on the most up to date information at the time of writing this report and may be subject to change. This is because information is still awaited in some instances regarding funding, such as from the district and borough councils on business rates proceeds.

**Table 5: Summary of Change in Net Budget**

Item	£m	£m	%
Approved net revenue expenditure 2021/22		624.833	
Allowance for pay and price rises	25.205		4.0
Service commitments and changes	18.047		2.9
Non-portfolio commitments and changes	-8.710		-1.4
Balancing the budget	-11.033		-1.7
Net increase		23.509	3.8
Net revenue expenditure 2022/23		648.342	

## Changes to Portfolio and Non-Portfolio Budgets

4.2 The proposed changes to the budget for 2022/23 are explained by portfolio in the following paragraphs. These changes include growth to meet changing pressures of £31.6m, the removal of the one-off grants including the Covid-19 Grant and Local Council Tax Support Grant totalling £22.2m, pay and price changes of £25.2m (detailed in paragraph 3.16 above) and balancing the budget activities of £11.0m.

### Adults Services

4.3 The Adults Services budget for 2022/23 allows for net expenditure of **£215.9m**. Around 95% of this relates to the cost of funding the social care needs of residents who meet the national eligibility criteria introduced by the Care Act in April 2014.

4.4 It has been prepared against a background of significant service-related risks:

- i. **Demography.** A growing population and rising complexity of needs are increasing demand for adult social care as well as making it more expensive to meet care needs. This applies equally to working age customers with disabilities as it does to older people, on both of which groups the County Council spends around £100m. During the last five years these pressures have translated into annual increases in cost that have averaged approximately 1.5% more than the inflationary uplifts that have been paid to providers. For older people the outcome is that the gross cost of a care package now exceeds £500 per week. For working age customers the figure is around £750 per week.
- ii. **Covid-19.** The pandemic continues to impact heavily upon providers. This is producing turbulence in the care market, exacerbated by the challenge of recruiting and retaining staff together with rising inflation. When combined with the pressure that the need for rapid hospital discharges is causing, the outcome is an increasing mismatch between demand and supply. On a like-for-like basis this is resulting in the County Council having to pay more for the care that it purchases.
- iii. **National Living Wage (NLW).** Pay is the largest element of care providers' costs and so the National Living Wage (NLW) increase creates an obvious knock-on implication for the County Council. For 2022/23 the hourly rate will rise by 6.6% to £9.50 per hour. Whilst specific funding is not provided to local authorities to meet this cost, the state of the care market in West Sussex leaves the County Council with little alternative than to plan to pay providers a level of increase greater than a standard inflationary uplift. This is a risk that has led the NLW to be recognised as a growth pressure every year since it was introduced in 2016/17. The case for doing this in 2022/23 has been made stronger still by Covid-19 and the growing evidence that leaving the European Union has adversely affected the supply of care workers.

- iv. **National Insurance cost increase.** As a prelude to the introduction of the new Health and Social Care Levy in April 2023, National Insurance contributions will rise by 1.25% in 2022/23. Although this will generate additional revenue for health and social care nationally, it will compound the financial pressures that providers are facing. As such it will inevitably become a cost that will be passed to local authorities when care is purchased in the market.
- v. **Social Care Reform.** The Government has recently published 'Building Back: Our Plan for Health and Social Care' and a white paper called 'People at the Heart of Care'. Details of the way in which the proposals will operate remains to be published, which makes it almost impossible to model the potential financial implications with any certainty. Nevertheless, it is clear that they will result in a significant cost burden being passed to local government due to the way in which the care cost capping arrangements will operate. The risk attached to this is greatest for local authorities in relatively affluent areas of the country such as West Sussex where self-funders are more likely to benefit most from the reforms. Much less obvious is the extent to which councils will be funded for this. Although the Government has highlighted the £12bn of resources that the Health and Social Care Levy will raise each year, only £5.4bn or 15% of the £36bn that will be generated during the first three years is earmarked for social care. The remaining £30.6bn will be directed towards the NHS and the devolved administrations, so any significant uplift in funding for local government is backloaded for the medium term. Achieving this, though, will require money to transfer from the NHS to local government, which is an outcome that history shows is difficult to realise.
- vi. **Market Sustainability and Fair Cost of Care Fund.** In readiness of the white paper becoming law, the Government has introduced this fund. £162m will be allocated in 2022/23, of which the County Council's share is £2.23m. It is available to "ensure local authorities can prepare their markets for reform... and move towards paying providers a fair cost of care... by genuinely [increasing] care rates". Since a condition of receiving future funding is that local authorities will report on "how money has been allocated in line with our expectations", the County Council will passport it in full to the Adults budget.

4.5 None of these issues are unique to West Sussex and all local authorities with social care responsibilities are facing similar challenges. Within 'Building Back' Government stated "we expect demographic and unit cost pressures will be met through council tax, social care precept, and long-term efficiencies" which makes it plain that a significant increase in government funding to address the challenges facing adult social care is highly unlikely to occur. For 2022/23 this means that the County Council will be allocating an additional £24.2m to the Adults budget to fund these pressures:

- i. Demography - £7.5m

- ii. National Living Wage - £5.4m
  - iii. Inflation - £9.3m
  - iv. External providers – impact of National Insurance increases - £2.0m
- 4.6 As a contribution towards paying for that growth, the County Council is proposing to utilise its freedom to raise an Adult Social Care precept of 1%, which will generate £5.1m and so help a more sustainable funding position to be achieved.
- 4.7 A further £10m will be made available from the Improved Better Care (iBCF). This is a grant which has been in place since 2017/18 and is now worth £20m per year. Since it has always been subject to an annual review process, its longevity has not been assured and so the County Council has chosen to treat it as one-off funding. In practice, however, almost all local authorities now regard it as a permanent source of resources, because if it was to be withdrawn the impact on adult social care nationally would have an extremely detrimental effect on the delivery of services. Of its three main purposes, one is to meet care needs as part of sustaining services, which makes the use of the iBCF to part fund the cost of the growth in the budget entirely legitimate. It also avoids the need to make compensating savings of £10m which otherwise would have to be delivered corporately. Whilst the amount of money for time-limited investments will be reduced, that constraint created practical issues of its own. Nevertheless, it has helped ensure that the Adults portfolio has not overspent since 2017/18, so the choice is not without consequence and will add to the need for the budget to be managed actively at day-to-day level.
- 4.8 In that context equally important is the new Adults Strategy, which will reaffirm the importance of promoting independence and person-centred care as enablers of better care outcomes for people. This ambition is fundamental to delivering better value for money and, therefore, is at the heart of the business as usual savings of £6.9m outlined in **Appendix 3**.
- 4.9 The key explanations of the changes in the 2022/23 budget are shown in Table 6.

**Table 6: Adults Services Budget Changes**

<b>Item</b>	<b>£m</b>
Growth for the effect of population change and rising complexity of needs	7.5
Growth for the National Living Wage	5.4
Funding of growth through the Improved Better Care Fund	-10.0
External providers – impact of National Insurance increases	2.0
Pay and price allowance	9.3
Transfers between portfolios	-0.5
Reserves transfers	-0.5
Savings	-6.9
<b>Net change</b>	<b>6.3</b>

## Children and Young People

- 4.10 A key element of the County Council's budget provides for children and families who are vulnerable and that the County Council has statutory duties to support. The Children and Young People's budget for 2022/23 allows for net expenditure of **£139.3m**. Around 92% of this is spent on responsibilities relating to children's social care, including the staffing teams carrying out those responsibilities. The remaining 8% is spent on early help services, children's mental health services (in partnership with Health) and services designed to reduce youth offending.
- 4.11 Following the Ofsted inspection of our Children's services in May 2019, a revised Statutory Direction was issued on 10 December 2020 acknowledging that "conditions at the council have improved and now support the continued improvement of children's services". As a result, the setting up of a Trust to provide children's social care services was paused for 12 months. The Commissioner, John Coughlan, is in the process of finalising his latest report to the Minister which will address the Trust decision. The County Council therefore expects to be informed of the final decision regarding the Trust in early 2022.
- 4.12 Further investment of £1.0m is being provided in 2022/23 to continue the service improvement work. Whilst the majority of this funding is provided on a temporary basis, £0.2m will allow for the establishment of a permanent practice improvement function to ensure that the improvements already made remain embedded, and to further develop a performance management culture within the service.
- 4.13 The number of Children We Care For (CWCF) reached a peak in December 2020 and although volumes have reduced during 2021/22, they have remained significantly higher than they were prior to that point. Additionally, there has been an increase in the proportion of children with complex needs requiring higher costing placements which has led to cost pressures on the CWCF budgets. Demand modelling taking account of these two pressures has been undertaken resulting in the £2.7m growth pressure being added to the budget in 2022/23. This growth allocation is partly mitigated by £2.0m of savings related to improved commissioning arrangements for CWCF. To recognise the impact of National Insurance contribution increases on external providers, a further £0.6m of funding has been made available. An additional £0.4m has been allocated to the in-house residential service to enable a new home to be brought on-line, providing accommodation and support for young people with the most highly complex needs, with the aim of preventing placements out of West Sussex and to maintain better control of costs. The implementation of the Family Safeguarding model of social care in February 2022 is expected to reduce the number of children aged under 12 entering care and becoming the subject of child protection plans, and it is therefore anticipated to reduce the demand requirement from 2023/24 onwards.
- 4.14 A further £1.8m has been added to the portfolio to develop an improved allowances scheme and support package for internal foster carers, as well as reviewing staffing capacity within fostering service. The aim of this investment is to increase the proportion of children placed with internal foster carers and reduce the proportion placed with independent fostering agencies. Placements made with independent fostering agencies are significantly more expensive

than the County Council's own in-house foster placements. Therefore, the outcome of having more in-house placements will be reduced placement costs and savings are anticipated from 2023/24 onwards.

- 4.15 An increase of £1.1m has been applied to the staffing budgets in recognition of the full year effect of the new social worker pay scales as well as increased demand, both at the front door of children's social care and in terms of the increased number of children we care for who become care leavers at age 18 and are entitled to support from the care leaving service.
- 4.16 Temporary funding of £0.4m per year for the next two financial years has been made available to support the response to children's emotional wellbeing and mental health. This follows the utilisation of temporary funding to develop an emergency response to mental health concerns in the Horsham area in 2021, and this new funding will enable children's services to work collaboratively with other partners (such as Health) to ensure that the learning from Horsham is embedded and expanded to other parts of the County as appropriate.
- 4.17 Demand for services to support intentionally homeless families fell significantly during the Covid-19 pandemic, due to the Government imposing a ban on evictions. Although that ban ceased at the end of May 2021, there are backlogs in the homelessness processes within district and borough councils as well as the Court system, which means that demand has not yet returned to pre-pandemic levels. In recognition of this, the intentionally homeless budget has been reduced by £0.4m with the expectation that demand will not increase until the second quarter of 2022/23. Should demand during 2022/23 exceed the funding available, then any overspending will be met from contingency budget.
- 4.18 Planned savings of £2.2m are included to balance the County Council's overall budget, as described in **Appendix 3**. All of these are the second year of saving plans which initially started in 2021/22.
- 4.19 The key explanations of changes in the 2022/23 budget for the portfolio are shown in Table 7.

**Table 7: Children and Young People Budget Changes**

<b>Item</b>	<b>£m</b>
Permanent funding required for Children First improvement programme	0.2
Temporary funding required in 2022/23 for Children First improvement programme	0.8
Temporary funding received in 2021/22 for Children First improvement programme	-2.9
Demand growth – Children We Care For	2.7
External providers – impact of National Insurance increases	0.6
In House residential strategy – Brick Kiln	0.4
Fostering redesign	1.8
New social worker pay scales	0.6
Increased staffing pressure due to demand	0.5

<b>Item</b>	<b>£m</b>
Children's emotional wellbeing & mental health	0.3
Reduced demand for intentionally homeless support	-0.4
Undeliverable savings 2021/22 (intentionally homeless property leases)	0.2
Pay and price rise allowance	6.1
Transfers between portfolios	-0.2
Savings	-2.2
<b>Net change</b>	<b>8.5</b>

4.20 In addition, capital investment includes a programme of development of existing Children's Social Care placements to provide improved and more local services for vulnerable children and young people. Further details of the Capital Strategy can be found in **Annex 2 (a)**.

### **Community Support, Fire and Rescue**

4.21 The Community Support, Fire and Rescue budget provides for net spending of **£45.1m**.

4.22 The investment made by the County Council into the Fire and Rescue Service over the past three years has led to significantly increased capacity and improvements. The current budget now provides for £2.3m of base budget to enable the Fire and Rescue Service to continue its improvement journey.

4.23 The County Council is now investing a further £1.3m in 2022/23 to deliver the Community Risk Management Plan, which looks to assess all foreseeable fire and rescue related risks that could affect our community. Resources have been identified to deliver the six key proposals that have been consulted on with stakeholders over the autumn. These proposals are:

- Day Crewing Enhancements - This proposal would increase the number of immediate response weekend daytime appliances by 50% (from eight to 12) and improve emergency response times by 43 seconds in Mid Sussex and 32 seconds in Worthing and Adur
- Enhance our Retained operating model
- Improve Emergency Response performance in Rural Areas - We propose to enhance and modernise the existing Crewing Optimisation Group (COG) provision to include 7 days per week, 7am to 7pm cover and to provide an increased focus on rural Prevention and Protection activity
- Review and Assess Emergency Response Standards
- Change our response to unwanted Fire Signals/False alarms - While firefighters are responding to false alarms, they are not available for other emergencies. Responding to these false alarms wastes essential resources and potentially puts lives at risk, and disrupts other activities, such as community fire safety work

- Enhanced Specialist Capability and Assets - The majority of the incidents we respond to can be adequately resolved through the deployment of personnel with the required skills and the equipment available on our frontline fire engines. Our overall aim is to future proof our specialist capability aligned to known and future risks.
- 4.24 A further £0.2m is being invested within the Joint Fire Control centre to ensure that all the recommendations for control and mobilising arrangements that arose from Phase One of the Grenfell Tower Enquiry are met:
- 4.25 These recommendations include:
- the control room has suitable Policies to distinguish between callers seeking advice and callers that are trapped and need rescuing
  - the control room has suitable Policies for handling large numbers of Fire Survival Guidance calls simultaneously
  - that methods exist by which information is shared between control rooms of other FRSs and other Emergency Services
- 4.26 The Communities service incorporates a diverse range of services, which operate at scale and with countywide reach to deliver significant universal customer-facing functions including registration and the library service. The service works closely alongside colleagues from Adults and Health and Children, Young People and Learning to deliver a targeted offer for key customer groups such as Refugee Resettlement, Gypsy, Roma and Travellers, Prevention and Assessment Team, Children’s Advocacy and Independent Visiting. The Directorate leads extensive partnership activity in respect of crime, disorder and community safety, and the development of safer, stronger and more resilient communities. The budget provides for additional capacity within the service to ensure that these activities can be further supported.
- 4.27 The skills, experience, capacity, and partnership network has been heavily utilised to deliver numerous aspects of the Covid-19 response, including the delivery of the Community Hub, support for the Clinically Extremely Vulnerable, delivery of financial hardship support, Self-Isolation Practical Support, Local Tracing Partnership, Lateral Flow Testing and more recently the launch of Community Collect and the new Holiday Activity Fund for families eligible for Free School Meals.
- 4.28 The key explanations of changes in the 2022/23 budget for the portfolio are shown in Table 8.

**Table 8: Community Support, Fire and Rescue Budget Changes**

<b>Item</b>	<b>£m</b>
Community Risk Management Plan Investment	1.3
Fire Survival Guidance – Response to Grenfell	0.2
Fire PPE & Uniform	0.1
Community Resources	0.2
Pay and Price allowance	2.2

<b>Item</b>	<b>£m</b>
Transfer between portfolios	0.4
<b>Net change</b>	<b>4.4</b>

- 4.29 In addition, capital investment includes the Live Training Centre and Horsham Fire Station and Fire and Rescue Service equipment to ensure emergency response needs are met. Further details of the Capital Strategy can be found in **Annex 2 (a)**.

### **Environment and Climate Change**

- 4.30 The Environment and Climate Change budget provides for net spending of **£62.1m**.

#### Climate and Sustainability

- 4.31 In July 2020 the County Council approved a new Climate Change Strategy with a vision that:
- 4.32 'In 2030, West Sussex County Council is carbon neutral and climate resilient, using our limited resources wisely. West Sussex County Council has enabled positive actions and behaviours across our county to mitigate and adapt to climate change'.
- 4.33 The strategy sets out our commitments to achieve this vision. It gives everyone working at, and with, the County Council a clear indication of our priorities for the next ten years, to realise the short and long-term benefits for our organisation and for our communities.
- 4.34 As part of this commitment the County Council alongside district and boroughs have entered a contract which will see the installation of a large scale EV ChargePoint network, giving residents the confidence to go electric in time for a ban on the sale of new petrol and diesel vehicles in 2030. It is the first step in delivering the ambitious vision set out by West Sussex County Council in its EV Strategy in December 2019.

#### Energy

- 4.35 Throughout the latter stages of 2021 the wholesale energy markets for both electricity and gas have seen dramatic price rises as the supply markets are restricted and demand rises as we emerge from the nationwide lockdowns. Whilst the budget assumes that there will be a permanent change to working patterns which will see reduced occupancy within our buildings and the contract hedging strategy adopted by LASER Energy Buying Group has mitigated much of the winter price increases, it is inevitable that there will be pressure within the utilities budget moving forward. The budget has therefore been increased by £0.2m above the base inflation to allow for the increases in wholesale gas prices as we move through the winter period.
- 4.36 The increase in wholesale electricity prices has benefited the County Council as it continues to invest in renewable energy infrastructure and in particular income from the solar installations funded through capital investment are

showing increased returns. It is therefore planned that there will be no net impact on the County Council from the turbulence in the electricity markets.

- 4.37 The County Council will continue to enhance plans for developing other sustainable technologies, particularly solar energy and battery storage for power with the facility at Halewick Lane expected to be completed and generating income for the County Council during the year.

#### Waste

- 4.38 Working with customers and partners, the Waste Management team will continue their work to reduce waste going to landfill through education aimed at changing customer behaviour, as well as the use of alternative disposal routes such as the Refuse Derived Fuel (RDF) contract and separate food waste collections. Over £55m of our net revenue budget is dedicated to supporting our waste disposal and recycling infrastructure.
- 4.39 A planned refresh of the waste composition analysis that was supposed to take place during 2020 has been delayed due to the impact of Covid-19. However, the premise that food waste comprises the largest element of the residual waste stream is still seen as valid.
- 4.40 Arun DC is currently in the middle of a trial period, and further trials will be undertaken during 2022, to demonstrate that the introduction of weekly food and absorbent hygiene product waste collections, maintaining fortnightly comingled recycling collections and reducing the frequency of residual waste collections to three weekly, will not only reduce the overall volume of waste collected, but will also improve recycling performance and ultimately deliver savings in the future for the authority. We will also be working with the operator of the Mechanical and Biological Treatment (MBT) to reconfigure the facility to accept separated food waste giving the County Council the opportunity to take advantage of the savings on offer as the districts and boroughs move to separate collections.
- 4.41 Planned savings of £1.4m are included to balance the County Council's overall budget, as described in **Appendix 3**. The key explanations of changes in the 2022/23 budget for the portfolio are shown in Table 9.

**Table 9: Environment and Climate Changes Budget Changes**

<b>Item</b>	<b>£m</b>
Reserves Transfers	-0.5
Pay and Price allowance	3.1
Transfer between portfolios	0.1
Savings	-1.4
<b>Net change</b>	<b>1.3</b>

- 4.42 The capital programme provides the means to invest in green technology to reduce the County Councils carbon footprint and be part of the commitment to be carbon neutral by 2030 targeting investment in low-carbon upgrade options for routine maintenance and planned projects. Further details of the Capital Strategy can be found in **Annex 2 (a)**.

## Finance and Property

- 4.43 The Finance and Property budget provides for net spending of **£25.1m**. The majority of this budget relates to the Cabinet Member's responsibility for the Finance and Procurement functions. It also covers capital planning and projects, asset management and estates teams, as well as various corporate items such as insurance and precept payments levied by external bodies.
- 4.44 The impact of Covid-19 has brought about new working practices across the County Council. There is now a strong move to establish these more flexible ways of working on a permanent basis. This means that we are unlikely to need all the administration assets that we currently hold. We are therefore undertaking a review of these assets, in order to understand which ones we need to retain for future use and which ones will be surplus to our requirements. For retained assets we will look at ways to reduce our overall energy consumption, in order to meet our ambition of being a net carbon zero organisation by 2030.
- 4.45 In order to take further advantage of these opportunities, the County Council continues to explore innovative ways to work with the private sector to increase the yield we can obtain from surplus assets. We have set up a Joint Venture (JV) with a long term partner to take forward, and benefit from, the development opportunities that are available by developing these sites with our partner, rather than simply selling the land to a developer. Setting up a JV with a professional development company is an established model across a number of local authorities who are looking to maximise the returns from their surplus assets, whilst at the same time minimising the financial risk to the authority.
- 4.46 The key explanations of the changes for the 2022/23 budget are shown in Table 10.

**Table 10: Finance and Property Budget Changes**

Item	£m
Alternative accommodation in Worthing	0.4
Investment in revenue maintenance	0.2
Pay and Price allowance	1.0
Transfer between portfolios	-0.3
Other service changes	0.2
<b>Net change</b>	<b>1.5</b>

- 4.47 The capital programme provides the means to invest in major development projects as well as tactical site improvement works to optimise usage and future options. Further details can be found in the Capital Strategy (**Annex 2 (a)**).

## Highways and Transport

- 4.48 The Highways and Transport budget provides for net spending of **£41.4m**. This budget maintains and delivers highways and other infrastructure which businesses and local communities need to support economic growth and allows our customers to access services across the County. We will maintain, improve

and, where appropriate, expand the highways network for the benefit of all residents and visitors to West Sussex.

- 4.49 We will invest over £16m of revenue funding each year in highways support and maintenance, this includes additional funding of £2.6m with £2.4m of funding specifically earmarked to address safety critical areas. The major areas of investment are:
- £1.1m Safety Defects – To ensure that we minimise the risk of damage and injury accidents occurring on the network additional resources has been provided to address the rising number of safety defects. The number of safety defects arising on the highway has risen from 35,000 at the time the current contract was let in 2019 to an estimated 43,000 during the current year
  - £0.3m Jetting - Climate change and significant rain events are increasing the pressure on the service and sustained flooding on the network means that the risk of road conditions deteriorating is increasing. The current jetting resource is only sufficient to deal with the highest priority issues and the additional investment will mean that we can address more assets particularly on lower speed roads and be able to increase investigations to enable a more focussed capital programme to be produced
  - £0.3m Tree Works – Additional funding will be provided to address the backlog in safety critical works on trees adjacent to the highway and to meet our obligations to replant trees. Currently we are removing 562 trees per annum but only replanting 194
- 4.50 The remainder of the additional funding will provide for services such as additional weed sprays, proactively dealing with overgrown vegetation and addressing safety critical works on structures.
- 4.51 Increasing defects on the highway and easier access to reporting tools has resulted in an increased pressure on front line staff in local highways teams. Currently, 15 highway stewards deal with around 26,000 unique enquiries a year, many of which are complex. The increased budget will provide for an additional steward within each local highway team to meet the demand, providing a level of resilience.
- 4.52 We continue to review the charges we make to highway users in order to ensure that we recover fully our costs and continue to explore ways of utilising funding available to ensure delivery of our core services. The service continues to invest in feasibility studies, enabling the County Council to develop sound project proposals for submission for additional funding to improve infrastructure.
- 4.53 The key explanations of the changes for the 2022/23 budget are shown in Table 11.

**Table 11: Highways and Transport Budget Changes**

<b>Item</b>	<b>£m</b>
One-Off funding to support priorities	0.5

<b>Item</b>	<b>£m</b>
Highways Service Improvements	2.6
Pay and Price allowance	1.9
Transfer between portfolios	-0.2
<b>Net change</b>	<b>4.8</b>

- 4.54 There is significant planned investment in Highways and Transport reflecting the importance of the infrastructure for economic growth. To support our commitment to our highways we are proposing to invest an additional £21m, over and above the existing works programme, in our road maintenance over the next five years. Further details of the Capital Strategy can be found in **Annex 2 (a)**.

### **Leader**

- 4.55 The Leader budget provides for net spending of **£2.9m**. This budget supports the costs of running the Chief Executive's office and Policy Team.
- 4.56 The key explanations of the changes for the 2022/23 budget are shown in Table 12.

**Table 12: Leader Budget Changes**

<b>Item</b>	<b>£m</b>
Pay and Price allowance	0.1
Transfer between portfolios	0.1
Other services changes	0.1
<b>Net change</b>	<b>0.3</b>

### **Learning and Skills**

- 4.57 The Learning and Skills budget for 2022/23 allows for net expenditure of **£29.1m**.
- 4.58 The Home to School transport budget continues to come under pressure as a result of the continuing rise in SEND placements and higher contractual costs due to a continuing shortage of external taxi drivers and the increased wage costs of escorts. £2.2m has been allocated to the portfolio to meet the existing pressures carried over from 2021/22 and a further £1.4m for continued growth in 2022/23.
- 4.59 Staffing levels within the Educational Psychology Service have remained fairly static over the last couple of years whilst the number of requests for a statutory assessment by an educational psychologist since the introduction of the 2014 SEND reforms has increased by 77%. Alongside this the service also undertake further assessments for Early Years, where the needs of Children and Young People with an Education Health and Care Plan (EHCP) have changed or their placement is at risk, and also in tribunals. An additional £0.6m is therefore required in order to increase the capacity of this team and therefore enable the service to meet statutory demand and to develop more

effective early intervention, particularly in the area of mental health and well-being.

- 4.60 The Virtual School has the statutory duty to promote, champion and monitor the education of Children We Care For and to provide advice and information relating to the education of previous looked after children. Since 2014, when the role of the Virtual School Head became statutory the number of children in the care of West Sussex has increased by 45%, and currently on average there are 900 children known to the Virtual School. As a result of this increase in numbers an additional two Advisory Teachers and a PEP (Personal Education Plan) Champion were created in October 2020 with temporary funding through the Children’s Improvement Fund. The new staff have had an immediate impact with PEP completion improving dramatically in both Early Years and Post-16. £0.1m has been allocated to the portfolio in order to replace the temporary funding and therefore keep these posts on a permanent basis.
- 4.61 In 2021/22 although the County Council’s DSG Central block funding allocation was reduced by £0.8m, only savings of £0.3m could be found at the time, and therefore the £0.5m funding shortfall was picked up by the County Council for one year to allow more time for further savings to be found. This funding is being repaid in 2022/23 through a reconfiguration of the DSG funded services in Education (£0.3m) and through planned savings of £0.2m (see **Appendix 3**), which will see the County Council increase its centrally retained element of the three- and four-year-old funding it receives in the DSG Early Years block to 5% next year, which is the maximum allowed under the national funding regulations.
- 4.62 The key explanations of the changes for the 2022/23 budget are shown in Table 13.

**Table 13: Learning and Skills Budget Changes**

<b>Item</b>	<b>£m</b>
Home to School Transport to meet the increasing number of High Needs pupils and living wage pressures	3.6
Educational Psychology Service	0.6
Virtual School	0.1
Reconfiguration of DSG funded services in Education	-0.3
Transfer between portfolios	1.0
Pay and price allowance	1.5
Savings	-0.2
<b>Net change</b>	<b>6.3</b>

Dedicated Schools Grant

- 4.63 The Dedicated Schools Grant (DSG) currently comprises four separate funding blocks, namely Schools, Central School Services, Early Years and High Needs. The total funding for these blocks has increased by **£32.2m** (4.6%) to £725.2m next year. In addition to this the council has also received an additional **£15.5m** through a DSG Supplementary Grant, as part of the £1.6bn announced nationally in the 2021 Spending Review for additional school

funding in 2022/23. These additional monies are intended to help the schools sector respond to the various pressures that they are currently seeing in overall costs, in national insurance, on high needs, in managing Covid and in supporting children and young people to recover from the pandemic. The school level allocations of this additional £15.5m are still to be announced.

- 4.64 2022/23 is the fifth year of the National Funding Formula (NFF) for mainstream schools under the Schools DSG block. Allocations for next year have been announced—and West Sussex schools are set to gain by £19.4m (3.6%). £6.1m of this relates to pupil growth, and the majority of the remaining £13.3m equates to a 3% increase in most of the national funding formula unit rates. However, the 11 schools on the funding floor will only see a 2% increase in their per pupil funding, as will the 87 schools who benefit from the protection of the Minimum per Pupil Funding levels, as these rates are set to rise from £4,180 to £4,265 for primary schools and from £5,415 to £5,525 for secondary schools.
- 4.65 In 2021/22 only one secondary and 16 of our small primary schools (with under 150 pupils) in West Sussex qualified for £0.5m of sparsity funding through the NFF. However, in 2022/23, total funding through the sparsity factor has increased nationally from £42m to £95m, with the Department for Education increasing the maximum sparsity values by £10,000, improving the accuracy with which they identify schools' remoteness, by using road distances instead of straight-line distances in their calculations, and also introducing a new distance "taper" for those small primary schools between 1.6 and 2 miles. As a result of these changes, one secondary schools and 46 small primary schools within the county will now share £1.5m of sparsity funding next year.
- 4.66 The Central School Services DSG block is made up of two separate funding streams; one for the ongoing responsibilities of the Local Authority and the second for historic commitments. Although the former is set to increase by £0.2m (6.5%), the latter is being reduced by £0.7m (20%).
- 4.67 However, the Department for Education has also announced that they will continue to protect any Local Authority from having a reduction that takes their total historic commitments funding below the total value of their ongoing prudential borrowing and termination of employment costs, in recognition of the long lead-in times required for such costs to unwind. Currently our commitments for these costs exceed our indicative 2022/23 allocation by £0.3m, and therefore we will need to evidence these costs and apply for protection in order to ensure that our actual DSG historic commitments allocation will only fall by £0.4m next year.
- 4.68 The Early Years DSG block is set to increase by £0.4m (0.8%) in 2022/23. The impact of an increase in the hourly funding rates of 21 pence for two-year-olds and 17 pence for three- and four-year-olds (£1.7m) and additional Pupil Premium and Disability Access Funding (£0.2m) has been offset by the impact of a reduction in pupil numbers in nursery settings over the last year (£1.5m). This allocation is a provisional one and will be updated in July 2022 for the January 2022 census count.

- 4.69 Funding pressures affecting the High Needs Block within the DSG have continued to grow since the implementation of the Children and Families Act 2014 resulting in 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.
- 4.70 Our High Needs DSG funding from the Department for Education rose by £10.8m (12.2%) in 2021/22 and is set to rise by a further £12.6m (12.6%) in 2022/23. This includes an additional £4.0m which has been received following the 2021 Spending Review announcement. These funding increases are welcome but are not enough to meet the increasing costs of providing for the number of children with EHCPs.
- 4.71 These numbers had increased to 6,111 by the end of last financial year, an increase of 2,688 (78.5%) since March 2015, and by a further 287 this year as at the end of November 2021. The number of requests for an EHC needs assessment this year has doubled as a result of the pandemic and currently there are in excess of 200 additional EHCP cases still to be finalised. We are therefore expecting overall EHCP numbers to continue rising sharply.
- 4.72 The County Council's DSG unusable reserve went into deficit for the first time at the end of 2019/20, and at the end of 2020/21 this deficit stood at £10.7m. Given the continuing pressure on the high needs budget this **deficit** is expected to reach **£24.5m** by the end of the current financial year.
- 4.73 In the meantime, the Council continues to adopt a long-term approach to the High Needs funding issue. The current SEND and Inclusion Strategy for West Sussex 2019-24 is having an impact, and the proportion of pupils with EHCPs currently educated in mainstream provision is greater than it was in 2016 as schools better adapt provision to support children in situ. This, along with the aim of reducing post-16 specialist provision by encouraging independence pathways into adulthood through partnership with our mainstream FE partners, is aiming to reduce the pressures on specialist places where needs can be better met in mainstream provision. However, the number of complex cases continues to increase and current specialist school places within County have now reached full capacity.
- 4.74 However, more work needs to be done. In November 2021 Schools Forum agreed to a transfer of £1.2m from the DSG schools block in 2022/23. These funds will be used by the SEND and Inclusion service next year to increase capacity to support mainstream schools, support effective transition in Early Years and also support annual reviews in Post-16.
- 4.75 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 also to increase the number of specialist school places within the county, thereby enhancing the choices for children with special educational needs. Further details of the Capital Strategy can be found in **Annex 2(a)**.

### **Public Health and Wellbeing**

- 4.76 The Public Health and Wellbeing budget is funded in full by the Public Health Grant. This is a ring-fenced grant which requires the County Council to spend in line with the Public Health Outcomes Framework. A grant announcement for 2022/23 is still awaited, so the budget is currently based on the same level as for 2021/22. Part of this is used to fund the Healthy Child Programme, which is the responsibility of the Cabinet Member for Children and Young People. Allowing for this, the amount of expenditure which is incurred through the Public Health and Wellbeing portfolio is £21.2m.

### **Support Services and Economic Development**

- 4.77 The Support Services and Economic Development budget for 2022/23 allows for net expenditure of **£41.5m**.
- 4.78 The majority of this budget relates to the Cabinet Member's responsibility for a range of support service functions, including customer services. It also covers the costs of economic growth and feasibility support for the One Public Estate programme.
- 4.79 We continue to review and benchmark the provision of a range of support service functions, so that they provide the support required by frontline services in the most appropriate and efficient manner. The County Council has a long-standing partnership through an outsourced contract with Capita, to provide a number of these services, including administrative support, HR and payroll. These commercial arrangements will come to an end during the year, in September 2022, and work is already underway to review the future of these services and, where appropriate, propose changes ahead of the natural conclusion of the current arrangements.
- 4.80 The future of the support services currently provided by Capita will be a mixture of insourced and outsourced services with the County Council looking to secure the best value solution where there are mature markets to deliver the services we need. Where that value is better achieved by delivering the services in-house the County Council will continue to provide the services directly. It is expected that in the current year these changes will be cost neutral with further savings achieved in the future as the support service model is developed.
- 4.81 2021/22 saw the end of the long-standing Capita contract for the provision of IT services and the move to a new service model that will better support the delivery of council services and the ability to transform its services to provide a modern, responsive and flexible digital, data and technology service. The new model delivered on the expectation to reduce costs by £0.5m in 2021/22 and is expected to deliver a further £0.25m as we move to a full year of the new model in 2022/23.

- 4.82 The County Council continues to invest in the implementation of Oracle Fusion, our new enterprise resource planning platform, which supports the County Council with its HR, Finance and Procurement processes. Replacing the current system will support the delivery of the automation and improved efficiency of existing business processes. It will enable the County Council's workforce to work more effectively and efficiently, not least by supporting staff to undertake more tasks via self-service.
- 4.83 Planned savings of £0.3m are included to balance the County Council's overall budget, as described in **Appendix 3**.
- 4.84 The key explanations of the changes for the 2022/23 budget are shown in Table 14.

**Table 14: Support Services and Economic Development Budget Changes**

<b>Item</b>	<b>£m</b>
HR – delay in delivery of restructure savings	0.3
Reserves transfers	-1.0
Pay and price allowance	1.8
Savings	-0.3
Other service changes	0.3
<b>Net change</b>	<b>1.1</b>

**Non-Portfolio**

- 4.85 For completeness, corporate items for commitments and service changes are given in Table 15.

**Table 15: Non-Portfolio Budget Changes**

<b>Item</b>	<b>£m</b>
Transfers to and from earmarked reserves (net)	5.5
Increase in Revenue Contribution to Capital Outlay	4.4
Increase in the capital financing costs	0.7
Reduction in pay contingency for 2021/22 pay award	-2.0
Increase in general contingency for additional price inflation	2.9
Transfers between portfolios	-0.4
Removal of one off Covid-19 grants	-22.2
<b>Net change</b>	<b>-11.1</b>

- 4.86 The contingency budget is generally held to cushion the impact of unexpected events or emergencies arising during the year, which were not known about at the time the budget was approved. For 2022/23, given the continuing financial uncertainty as a result of the pandemic, the County Council has set the general contingency at £6.3m and added £2.9m to cover additional inflationary pressures.

## Section Five: Future Financial Risks

- 5.1 There have been particularly challenging circumstances around budget setting this year; ongoing challenges around the pandemic have been added to by other events impacting the economy, for example the inflationary impact associated with Brexit, labour shortages in key occupations and continued uncertainty around future years funding.
- 5.2 These present significant levels of uncertainty and potential financial risk and instability.
- The pandemic continues to provide challenges and uncertainty in terms of new variants of the disease, changing public health requirements, impact on service delivery and demand as well as the potential ongoing impact on the economy. The emerging pressures and corresponding cost implications are largely unknown and therefore are not built into the budget. The underlying assumption is the Government would continue to provide additional funding to support specific issues and pressures as needed; any gap in funding could present a financial risk.
  - Whilst the Office of Budget Responsibility (OBR) has indicated that the economy is recovering faster than originally expected from the impacts of the pandemic and with unemployment at a lower rate than previously predicted, there remain shortages in key occupations, such as social care and drivers which could drive additional cost pressures to fill these vacancies.
  - Service budgets include an allowance for inflation which is predicted to be at an average of 3.7% over the twelve months. However, there could be a significant risk that we see much higher inflation, for example in the cost of gas which will drive additional pressures in 2022/23. In the longer term, if actual inflation exceeds the County Council's assumptions in the MTFs, this could potentially add significantly to the budget pressures we face.
  - The challenging economic circumstances and continued uncertainty as a result of the pandemic could adversely impact the income derived from both council tax and business rates. The council tax base could be further impacted by delays in new home planning issues as a result of water neutrality concerns.
  - The adult social care market remains in a fragile state because of the impact of Covid-19, the National Living Wage and the challenge of recruiting and retaining staff. Early modelling by the sector suggests significant additional costs associated with social care reforms and it is not known whether the funding available will be adequate.
  - The Government announced a three year Comprehensive Spending Review covering the years 2022/23 to 2024/25 but the settlement announcement was for one year only so there remains uncertainty around funding in the medium term.
  - Changes in legislation or accounting policies in the future may have a financial impact for the County Council. Any developments will be closely

monitored and if there is any impact, this could potentially be mitigated through the temporary use of reserves.

- The County Council will continue to keep the MTFS under review, given the high degree of uncertainty surrounding any potential impacts from inflation, the ongoing pandemic, Brexit and possible service pressures.

## **Section Six: Robustness of Estimates, Adequacy of Reserves and the Management of Risk**

- 6.1 Section 25 of the Local Government Act 2003 requires each Chief Financial Officer to report to their authority about the robustness of estimates and the adequacy of reserves when determining their budget and level of council tax. Each authority is required to consider their Chief Financial Officer's report when setting the level of council tax. The Director of Finance and Support Services has provided the following assurance:

'By the end of 2021/22 the County Council will have delivered around £287m of savings since austerity began with public finances in 2010. Setting a balanced budget has become more challenging each year as we deal with uncertainty in government funding as well as increasing demand and costs, especially in our social care services. This continues to be particularly relevant for 2022/23 given the ongoing financial uncertainty created by the pandemic.'

### **2021/22 financial position**

'The County Council has continued to respond to the pandemic and its impact on the services delivered to residents. Uncertainty with regards to the on-going impact on demand and the cost of council services remains. Critically, the cost of care services remains higher than budgeted and the projected costs of delivering the capital programme are increasing. These uncertainties, coupled with the changeable short-term economic outlook, make forecasting the end of year outturn position difficult. Ongoing economic implications on services will be factored into the council's medium-term financial strategy. As at the end of September, we forecast a £1.4m overspend which will be managed through management actions and/or the use of the County Council's contingency budget. This overall position assumes that costs related to the Covid-19 pandemic will be fully funded from grants and partner contributions received.

'In total we are projecting we will hold earmarked reserves (excluding schools and the General Fund) of £182.2m at the end of 2021/22, an increase of £13.3m compared to the forecast included in 2021/22 budget report (£168.9m). This largely relates to an increase in the Budget Management Reserve as a result of movement on collection funds and government grants.

### **Managing 2022/23 budget**

'The savings for 2022/23, £11.0m in total, take account of the ongoing effects of the current year's financial position. These savings have been assessed as robust, with reliable plans supporting them. In recent years

West Sussex County Council has a good track record (in excess of 90%) in delivering its planned savings.

'The general contingency for the revenue budget is £6.3m with a further £2.9m held to cover additional inflationary pressures.

'On-going robust financial management, strict budgetary control and the on-going monitoring of both savings and investment delivery plans, with processes in place to promote these during the next year is necessary to ensure this budget is delivered. We have done this in previous years, and I believe our processes are robust for this purpose going forward.

'During 2022/23 improvement plans will be developed for all services to ensure services are delivered efficiently and effectively ensuring the long term sustainability of services.

### **CIPFA Financial Resilience Index**

A financial resilience index for local authorities has recently been published by CIPFA to provide reassurance to councils who are financially stable as well as to prompt challenge where it may be needed. The index applies 15 measures, including areas such as reserves, flexibility with budget and reliance on different funding sources, including fees and charges. It compares the outcome for each authority to peer groups. It does not translate these 15 measures into any 'overall assessment' or make specific comment on the results. The latest published index was March 2020 and showed the County Council had good resilience in terms of a strong council tax base and at the end of March 2020 had a reasonable level of overall reserves (earmarked and general reserves) when compared to other counties. Since March 2020 the County Council still has a reasonable council tax base and the level of reserves has been maintained at a reasonable level.

### **Conclusion**

'For the reasons listed in this section, I am comfortable as the County Council Chief Financial Officer that the Council is operating prudently and has sufficient financial resilience to deal with the risks highlighted within the budget report.

Katharine Eberhart  
Section 151 Officer'

## **Section Seven: Precept and Council Tax**

- 7.1 The 2022/23 council tax base is 342,375.00 Band D equivalents and is set out across the district and borough councils in Table 16 below. The table also shows the sums due under precepts from the respective authorities.

**Table 16: Tax Base and Precept 2022/23**

<b>District/Borough Council</b>	<b>Tax base</b>	<b>Precept £</b>
Adur	21,699.70	33,759,091.28
Arun	63,011.00	98,028,733.14
Chichester	55,043.50	85,633,374.69
Crawley	35,758.20	55,630,462.07
Horsham	64,021.50	99,600,808.41
Mid Sussex	63,230.60	98,370,373.64
Worthing	39,610.50	61,623,639.27
<b>Total</b>	<b>342,375.00</b>	<b>532,646,482.50</b>

- 7.2 The impact of a 1.99% increase in council tax for General Fund purposes and a further 1% for Adults' Social Care, considered in the budget proposals outlined in the previous paragraphs, imply a precept requirement of £532.646m and a Band D council tax of £1,555.74.
- 7.3 The budget embodies the core principles of living within our means, protecting the vulnerable and bearing down vigorously on administration costs.

### **Section Eight: Equality Act Considerations**

- 8.1 The County Council formulates its budget proposals having regard to the duties under the Equality Act 2010 and the likely impact on those with protected characteristics, as set out in the Treating People as Individuals Policy.
- 8.2 In the assessment of individual proposals and in the overall assessment of its plans for savings across portfolios the County Council must have regard to the public sector equality duty. This will ensure that all decisions that will be finally taken include an understanding of the likely impact upon persons with protected characteristics and the steps that are planned to mitigate any adverse impact or otherwise address the commitments the County Council has to its duty. **Appendix 3** also mentions any requirement for an Equality Impact Assessment as part of the decision on the saving.
- 8.3 The budget approval does not constitute a final decision about what the County Council's service priorities and service budget commitments will be, or about what sums must be saved within each service portfolio. Specific executive decisions will be taken by the relevant portfolio holders and directors; and shall be made based on a clear understanding of what the potential impacts of doing one thing rather than another will be for the residents of West Sussex. It will be open to directors and Cabinet Members at the time of taking those decisions to choose to spend more on one activity and less on another or, where necessary, to go back to County Council and invite it to reconsider the allocations to different service budgets within the overall County Council budget that has been set.
- 8.4 An overarching Equality Impact Assessment has been carried out and is set out at **Annex 3**.

## **Section Nine: Other Issues**

### **Human Resources Implications**

- 9.1 The savings proposals already submitted and agreed by Cabinet Members and those specified within the budget indicate a potential impact for up to 24FTE, where known. This figure may change as plans develop over the coming months. This currently equates to approximately 0.5% of our active workforce as at the end of September 2021. Full consultation has and will continue to occur when needed.

### **Legal Implications**

- 9.2 The County Council has a legal obligation to deliver a balanced budget within a prescribed timeframe each year. This is part of the set of legal obligations within the Local Government and Finance Acts 1992 and 2003 which also describe the factors and financial considerations which must, in law, inform the calculation of the budget and any council tax precept. The Chief Financial Officer has a responsibility to give formal notice to the County Council if those provisions are at risk of not being adhered to. Ultimately the Secretary of State has powers of intervention in local authorities which fail to meet their fiduciary duty. This report outlines how the budget will be balanced with £11.0m of savings. Despite the challenge of reduced government funding, we continue to invest in priority areas to deliver the aims of Our Council Plan to benefit our residents.
- 9.3 The budget presented is for one year, with significant uncertainty about the picture ahead. Beyond 2022/23 we still face a significant gap between the funding we currently expect to have and the cost of providing our services as well as the undefined impacts of reforms. The proposals set out in this report put us in the best position we can to manage this situation and maintain our support to residents, particularly the most vulnerable children and adults, as well as providing opportunities for one-off investment to deliver priorities and reduce future demand where possible.
- 9.4 Our lobbying endeavours will be critical over the coming year as the Government reviews the way local authorities are funded. We will need to ensure the Government understands the challenges ahead. We will continue to work with our local, regional and national partners, including West Sussex MPs, SE7, County Council Network and the LGA, to highlight the needs of West Sussex and to press for fair and sustainable allocation of funding that enables us to continue to meet the needs of our residents, businesses and communities especially to achieve a strong recovery from the economic disruption brought by the pandemic and reducing the need for County Council support and services in future.

### **Recommended**

That, taking account of the priorities contained in Our Council Plan, the Medium Term Financial Strategy and the Provisional Local Government Finance Settlement and noting the Director of Finance and Support Services' assessment of the robustness of estimates and adequacy of reserves (Section 6), the following recommendations be approved:

- (1) Our Council Plan and KPIs for 2022/23 (as set out in paragraph 1.7 and Appendix 8).
- (2) Net revenue expenditure in 2022/23 of £648.342m (as set out in paragraph 4.1 and Appendix 1).
- (3) An increase in council tax in 2022/23 of 2.99% comprising 1.0% for Adults' Social Care and 1.99% to support other General Fund services.
- (4) The following amounts be approved for the financial year 2022/23 in accordance with Section 42A of the Local Government Finance Act 1992:
  - (a) That the council tax requirement for 2022/23 is £532.646m.
  - (b) The council tax base for the year 2022/23 is the aggregate amount calculated of Band D equivalents by the billing authorities to which the County Council issues precepts totalling 342,375.00.
  - (c) The amount of council tax being the council tax requirement at 4(a) above divided by the council tax base at 4(b) above, shall be £1,555.74 to the nearest penny for Band D.
  - (d) The amount of council tax payable for dwellings listed in a particular valuation band, calculated in accordance with the proportion set out in Section 5(1) of the Act, shall be as follows:

<b>Band</b>	<b>Amount</b>	<b>Band</b>	<b>Amount</b>
A	£1,037.16	E	£1,901.46
B	£1,210.02	F	£2,247.18
C	£1,382.88	G	£2,592.90
D	£1,555.74	H	£3,111.48

- (e) That the district and borough councils be requested to make payments totalling £532.646m to West Sussex County Council of sums due under precepts calculated in proportion to their council tax Band D equivalents as set out in section 7 of the report.
- (5) The delegation to the Director of Finance and Support Services of authority to make changes to the report on net revenue expenditure or to the precepts required:
    - as a result of a change in the council tax base notified by the district and borough councils;
    - arising from updated information from the district and borough councils to the council tax collection funds and business rates forecast and collection funds; or
    - arising from any funding announcements from central government.

All such changes of funding (positive or negative) to be applied through the appropriate reserve.

- (6) These ancillary financial management provisions:
- (a) The Capital Strategy for the period 2022/23 to 2026/27, as set out in Annex 2(a).
  - (b) The Flexible Use of Capital Receipts Strategy as set out within the Capital Strategy, Annex 2(a), section 8.
  - (c) The Treasury Management Strategy Statement 2022/23, as set out in Annex 2(b).
  - (d) The Prudential Indicators, as set out in Annex 2(c).
- (7) The importance of effective lobbying with local, regional and national partners to ensure the Government understands the needs of West Sussex residents, businesses and communities.

**Jeremy Hunt**

Cabinet Member for Finance and Property

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**Annex 1 – Appendices**

- 1 Summary of Revenue Budget and Precept 2022/23
- 2 Analysis of Changes
- 3 Balancing the Budget
- 4 Grants Towards Specific Services
- 5 Reserves
- 6 Detailed Portfolio Pages
  - Adults Services
  - Children and Young People
  - Community Support, Fire and Rescue
  - Environment and Climate Change
  - Finance and Property
  - Highways and Transport
  - Leader
  - Learning and Skills
  - Public Health and Wellbeing
  - Support Services and Economic Development
- 7 Fees and Charges

8 Our Council Plan and KPIs

**Annex 2(a)** - Capital Strategy 2022/23 to 2026/27

**Annex 2(b)** - Treasury Management Strategy Statement 2022/23

**Annex 2(c)** - Prudential Indicators 2022/23 to 2026/27

**Annex 3** – Equality Impact Assessment

**Annex 4** – Summary of comments from the Performance and Finance Scrutiny Committee on 31 January 2022

### **Background Papers**

None