

Report to Cabinet

31 January 2023

Council Plan and Revenue Budget 2023/24

Report by Director of Finance and Support Services

Electoral division(s): All

Summary

The report in Appendix A sets out a balanced budget for 2023/24 as well as the Council Plan, Capital Strategy for 2023/24 to 2027/28 and Treasury Management Strategy Statement for 2023/24. The Council Plan, Revenue Budget and Capital Programme are fully integrated throughout the business planning process. Since the last update to Cabinet in October 2022, the Autumn Statement was announced on 17 November 2022 and the Provisional Local Government Finance Settlement on 19 December 2022. The Final Settlement is expected to be announced towards the end of January and any amendments will be updated in the report to Council, however no significant changes are expected.

West Sussex County Council is required to set a balanced budget for each financial year by statute. The Council Tax flexibility and grant announcements in the Autumn Statement, that were further clarified in the provisional settlement, enable the council to set a balanced budget.

The budget report is prepared on the assumption the council agrees a 2.99% increase in general Council Tax and a 2.0% increase for the Adults' Social Care precept. Although the budget report is largely focused on 2023/24, the County Council will always look to the medium term and the financial position for the three years from 2024/25 is set out in Section 6 of Appendix A.

Recommendation

Cabinet is asked to endorse the County Council Budget for 2023/24, as set out in Appendix A including the recommendations listed on pages 13-15 and Annex 1, the Capital Strategy set out in Annex 2(a) and the Treasury Management Statement set out in Annex 2(b), for approval by County Council on 17 February 2023.

Proposal

1 Background and context

- 1.1 The ambitions and service priorities of the County Council are detailed in the Council Plan which covers what the Council will do and the specific targets that will be used to judge performance during the year. The Council Plan, Revenue Budget and Capital Programme are now fully integrated through the business planning process.
- 1.2 Business planning continues to focus on the four key priority outcomes underpinned 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.
- 1.3 The business planning process matches available resources with the delivery of priority outcomes so that there is a focus on setting a budget which will have the most beneficial effect for the people of West Sussex. The Key Performance Indicators (KPIs) and targets have been reviewed and refreshed for 2023/24. This refresh included considering feedback from scrutiny committees through the 2022/23 quarterly Performance and Resources Reports (PRR).
- 1.4 A revised Council Plan is set out in Annex 1 (Appendix 8), reflecting the current context - the impact of cost-of-living pressures on residents, the continuing demand pressures that the County Council is facing, the long-term uncertainty around funding and reform, the investment the County Council is making in infrastructure and the work underway to strengthen and grow the West Sussex economy with partners.
- 1.5 The 2023/24 budget supports the council priorities as set out in the Council Plan and balances spending pressures with the funding available from council tax, business rates, fees and charges and grants.

2 Proposal details

- 2.1 The financial impact of the Provisional Settlement has been reflected in the Budget Report and now reflects a balanced position assuming the Council agrees the 2.99% increase in Council Tax and the 2% Adults' Social Care precept.
- 2.2 The key announcements from the Provisional Settlement for West Sussex for 2023/24 (a £21.6m increase from 2022/23) are as follows:

Item	2023/24 £'m	2022/23 £'m
Settlement Funding Assessment (SFA)	82.3	79.3
Improved Better Care Fund	20.6	20.6
Social Care Support Grant	42.1	25.8
2022/23 Services Grant – one off	3.1	5.5

Market Sustainability and Fair Cost of Care (included within Adults Services portfolio budget)	7.7	2.2
New Homes Bonus	1.2	2.0
Total	157.0	135.4

- 2.3 During 2023/24, the County Council is expected to spend £1,859m on day-to-day revenue services and £124.9m through capital investment into roads, highways, schools, operational estate and IT and digital infrastructure. After taking account of grants, fees and charges and other contributions, net revenue expenditure of £708.8m is proposed for 2023/24, an increase of £60.5m (9.3%) compared with 2022/23.
- 2.4 The 2023/24 budget balances spending pressures such as pay and prices, costs arising from the National Living Wage and 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.
- 2.5 On considering its financial position, the County Council will always look to the medium term and the next three to five years. Although the budget report is largely focussed on the budget for 2023/24, it is set within the context of a medium and longer term challenge. For 2024/25 to 2026/27 there remains a budget gap of between £50m to £100m depending on the level of Council Tax increase in these years.
- 2.6 Before the end of the current financial year, work will start on developing a longer-term approach to balancing the books that will continue to identify efficiencies but will also require a more structured approach that considers how services are provided and prioritised within the County Council's limited financial resources, using the Council Plan as the foundations to these discussions.

3 Consultation, engagement and advice

- 3.1 The draft budget proposals will have been considered at an all-Member Briefing on 20 January 2023, by Performance and Finance Scrutiny Committee on 25 January 2023 and by all key stakeholders (partners, voluntary sector, business representatives) at an event on 27 January 2023. In addition, following publication of the papers for Performance and Finance Scrutiny Committee on 17 January 2023, an update was communicated through the County Council's main media channels.
- 3.2 Any feedback will be provided either as a verbal update or as a supplementary report to Cabinet on 31 January 2023. The feedback will be considered by Cabinet in putting together the final draft budget for 2023/24. The recommended budget will be presented to County Council on 17 February 2023.

4 Finance

- 4.1 As this is a budget report the financial consequences are covered within the body of the report.

5 Risk implications and mitigations

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

6 Policy alignment and compliance

- 6.1 The approach set out above is in alignment with Our Council Plan and delivers a balanced budget for 2023/24 in accordance with the County Council's statutory duty.

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Appendices

Appendix A – Revenue Budget 2023/24

Annex 1 - Budget Pack:

Appendix 1 – Summary of Revenue Budget and Precept 2023/24

Appendix 2 – Analysis of Changes

Appendix 3 – Balancing the Budget

Appendix 4 – Grants Towards Specific Services

Appendix 5 – Reserves

Appendix 6 – Detailed Portfolio Budgets

Appendix 7 – Fees and Charges

Appendix 8 – Our Council Plan and Amended KPIs

Annex 2(a) - Capital Strategy 2023/24 to 2027/28

Appendix A – Capital Programme Portfolio Pages

Appendix B – MRP Statement 2023/24

Appendix C – Illustrative External Debt

Appendix D – Graphical illustration of Debt Projections to 2073

Appendix E – Flexible use of capital receipts 2022/23

Appendix F – Flexible use of capital receipts 2023/24

Annex 2(b) – Treasury Management Strategy Statement 2023/24

Appendix A – West Sussex County Council – Treasury Portfolio

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

Annex 2(c) – Prudential Indicators 2023/24 to 2027/28

Annex 3 – Equality Impact Assessment

Background Papers

None