

## **ANNEX 1: EXTERNAL CONTEXT 2024/25**

### **1.0 Economic Environment, Government Policy and Demographic Changes**

- 1.1 At the 2021 Census the population for West Sussex was 882,700 an increase of 9.4% since 2011 and larger than the regional (7.5%) and for England (6.6%). The highest growth is in over 65s at 23%, from 21% in 2011, West Sussex has a higher proportion of over 65s than the national (18%) and regional (19.5%) averages. Projections suggest the West Sussex population will grow by 10% until 2041, higher than for England (8%) or the Southeast 6%). As data continues to be released following the 2021 census, this data and the information from the Joint Strategic Needs Assessment will continue to be used to inform business and financial planning.
- 1.2 Records indicate that numbers of people in employment are back to or exceeding pre-pandemic levels but the number of economically inactive in West Sussex has increased, although not to regional or national levels. West Sussex figures suggest more economically inactive adults through increases in number of students rather than for other reasons such as ill health or early retirement.
- 1.3 Between April 2020 and April 2023 there was a 4% increase in employees in West Sussex. The claimant count of those claiming Job Seekers Allowance or Universal Credit has reduced but is still above pre pandemic levels.
- 1.4 The County Council continues to face recruitment and retention challenges. Particular areas of pressure are social workers, care workers and occupational therapy, planners, property, transport and development professionals and lawyers. A tighter job market affects the ability to recruit to or retain lower wage roles where cost of living pressures are more acute.
- 1.5 The fall in real disposable incomes (adjusted for inflation, taxes and benefits) that the UK has experienced since late 2021 means households face increasing pressures due to rising energy prices, inflation and interest rates.
- 1.6 The April 2023 Ipsos Issues Index shows that Britons say inflation and prices and the economy are the top two issues. The Office of Budget Responsibility expects household incomes after tax and adjusted for inflation to start falling in quarter 2 of 2023 and not recover until quarter 3 of 2024. Low-income households will be most affected. The Resolution Foundation estimates 1.3 million more will fall into absolute poverty in 2023, including 500,000 children.
- 1.7 The Bank of England has continued to raise interest rates, from 3.5% in December to 4.0% in February and 4.25% in March. In June 2023 the Bank increased the rate to 5% The Bank now expects overall inflation to drop to 5% by the end of this year, above the 4% previously predicted.

- 1.8 The County Council continues to support displaced persons, migrants and asylum seekers. In March 2023, the Home Office announced changes to the support under the Afghan Citizens' Resettlement Scheme away from the use of hotels and said it will provide £35 million in new funding to help councils overcome barriers to accessing housing and employment. The Local Authority Housing Fund will be extended but the supply of accommodation remains a barrier.
- 1.9 The impacts of climate change will continue to grow including on the maintenance of infrastructure, the delivery of new homes and other developments particularly given water neutrality requirements. The Council will need to respond to more serious weather events to deal with flooding, and increased risks to vulnerable people as well as the impact on the local economy.
- 1.10 The next General Election must take place before December 2024. The next spending review is expected to be not before early 2025. In May 2024 there will be elections in Adur, Crawley and Worthing, as well as for the Police and Crime Commissioner. The next County Council elections are in May 2025. These could mean changes to the political landscape, partnership working and in responding to continued national policy uncertainty.
- 1.11 In 2022 the Department for Levelling Up, Housing and Communities (DLUHC) announced a new Office for Local Government (Oflog). It will aim to empower citizens to hold local leaders to account, while supporting them to innovate and drive improvement by presenting data and analysis about the performance of councils and outcomes for local people.
- 1.12 The Department for Education (DfE) has published its Children's Social Care Implementation Strategy, to transform the care system to focus on more early support, reducing the need for a later crisis response. Funding of £200m over the next two years has been announced
- 1.13 In April 2023, the Government published an update to its 2021 Adult Social Care White Paper, The Next Steps to Put People at the Heart of Care. There were new announcements on the adult social care reform programme, including greater use of technology and digitisation. However, funding to support workforce reforms and training, has been reduced from £500m to £250m. In June 2023, Government published the NHS Workforce Strategy which fails to acknowledge the similar challenges with social care, despite the drive for joint working across health and social care.
- 1.14 Other policy areas on the Government's horizon but further details are awaited for a clearer picture in terms of County Council services and financial implications. These include:
- Response to Review of Net Carbon Zero (Chris Skidmore MP)
  - Review of Integrated Care Systems (Hewitt)
  - Levelling Up and devolution
  - The timing of the first CQC inspection regime for adult services

- The monitoring and reporting requirements of Office For Local Government (OfLog) which will be launched in the next few weeks for Councils
- Timing and resources for separate food waste collections/other waste reforms in the Environment Act 2021