

## **Performance and Finance Scrutiny Committee**

**24 June 2024**

### **Feedback from All Member Budget Session 19 January 2024**

An all Member Session was held on 19 January 2024 to outline the refreshed Council Plan and draft budget 2024/25. A summary of the questions and responses raised is included below for information. The committee to note these when scrutinising the item.

#### Budget Pressures

Recognised the financial pressures being faced by the Council and that Government action is needed to assist in managing resources in future.

Response:- both officers and Cabinet are lobbying Government for extra funding via all means available to them – MPs, LGA, County Council's Network and officer groups. The pressures are particularly difficult in Adult, Children's and highway services and will need to be carefully managed each year in terms of seeking better outcomes at lower costs, areas where cost avoidance can be identified and challenging all services for value for money.

#### Use of Reserves

The use of reserves to balance the budget in 2024/25 is recognised as a short term and finite solution. What assumptions and plans are being made for the longer term? Will the level of reserves be kept at the current £36.3m level?

Response:- confirmed that reserves can only be used once and that the use of reserves to balance the budget is only used in exceptional circumstances. The late, and disappointing, finance settlement has meant additional savings/efficiencies haven't been found in the time available. At the time of the meeting, no additional funding has been offered by Government therefore the Council will need to use reserves in 2024/25 and these will be replenished from 2026/27 onwards. The Council will continue to lobby the Government in relation to local authority funding as more funding is needed to meet service demands. The level of general reserve will remain at £36.3m in the medium term given the level of risk and uncertainty but this will be reviewed every year as part of the budget process. There are no "rules" on the level of reserves required but the Council aims to keep at a 5% level based on the net budget.

#### Savings

Questioned the non-delivery of savings in previous years.

Response:- Previous year's savings were reviewed and re-profiled in 2022/23. The savings rated as red in 2023/24 are assumed to be delivered in full in 2024/25. Savings that cannot be met in-year in 2024/25 will need to be covered

by other mitigating actions. This will be monitored through the quarterly Performance and Resources report (PRR). Any non-delivery will impact on the final outturn figure at the end of the year.

### Council Tax Changes

What is the Council Tax growth being assumed in the medium-term and what impact do support schemes implemented by District/Borough Councils have on the County Council's income?

Response:- the growth assumed for Council Tax income is 0.5% which is a reduction from previous years. This is a prudent level based on the information we have at the moment and the forecast for 2024/25. Assumptions will be reviewed and adjusted accordingly. Support schemes are operated by the District/Borough Councils. The County Council is consulted on any changes to the schemes. Income received may change as a result of the support schemes in place due to cost of living issues resulting in more people claiming support. Issues around water neutrality which have affected planning and development have had an impact on growth rates in certain areas of the county.

### Adult Services

Recognise the changes to adult services care packages, how confident are officers in the assumptions being made? What links are there between planning applications for care homes and how the County Council manages demand?

Response:- Every budget is based on assumptions in order to produce robust estimates but actual figures will always change through the year. As demands and pressures increase it becomes more difficult to predict end-of-year figures. Adult Services is recognised as a high-risk area for the Council due to the demand pressures. There is no information on how Government might support the pressures in future. There is a lot of lobbying nationally taking place to understand and manage the risks. As part of the Council's Improvement Plan community support initiatives are being developed to reduce the demand, and need for, expensive residential placements. Work will also be taking place to increase the number of people managing their own care and support via a direct payment. Demand will continue to be carefully monitored and officers will work closely with providers of care packages to find solutions.

Planning applications are received by District/Borough Councils. Officers recognise that the links between Council and District/Borough Councils need to be improved to ensure that when an application is received for a new care home that the County Council is informed.

### Dedicated Schools Grant (DSG)

Members recognised the difficult position in relation to the DSG and the risk/uncertainty that exists beyond 2026 when the statutory over-ride is due to end. If this was not held off the Balance Sheet it would be very difficult to

manage. Has any Authority refused to fund the DSG deficit? Why is the County Council DSG deficit so high? Could a future Government clear the DSG deficit nationally?

Response:- DSG deficits are a national issue with many Authorities in a much worse position than West Sussex. Some LAs are part of the "safety valve" programme and others, similar to us, are part of the "better value" programme. There still needs to be a Govt solution before 2026 to deal with this, particularly as Govt is currently encouraging local authorities to spend reserves. Given the timing of the general election and spending review, Government may extend the over-ride beyond 2026 to allow time for a solution to be found. The County Council is expected to need to externally borrow from 2025/26 for its capital programme as a result of the deficit. The West Sussex deficit is high due to receiving low funding levels over a number of years. The formula and allocation was set in the 1980s and therefore the base data is out-of-date. There are also higher numbers of children with more wide-ranging SEND requirements now.