
Performance and Finance Scrutiny Committee

25 January 2023

Our Council Plan and Budget 2023-24

Report by Director of Law and Assurance

Summary

The draft budget for 2023/24 is presented to the Committee for preview and endorsement ahead of agreement and approval of the Budget at Cabinet on 31 January 2023 and County Council on 17 February 2023. The attached report is presented by the Director of Finance and Support Services. Any issues or concerns raised by the Committee will be considered by the Cabinet ahead of approval at County Council.

Focus for scrutiny

The Committee should consider the detail included within the attached report and appendices presented by the Director of Finance and Support Services in order to agree any comments or issues it wishes the Cabinet to take into account when it considers the Council Plan and draft Revenue Budget 2023/24, draft Capital Strategy 2023/24 to 2027/28 and draft Treasury Management Strategy Statement for 2023/24.

Key areas for scrutiny include:-

- That the Council Plan remains relevant and appropriate and continues to prioritise the outcomes we want to achieve for the people in West Sussex;
- Ensuring that the budget presented, including any additional investment to meet demand and other pressures and the proposed savings, are realistic and enable the achievement of the priorities and objectives agreed in the Council Plan;
- Ensuring that the level of reserves held ensures the County Council remains financially resilient (Appendix 5);
- That the increase in Council Tax is justified and appropriate to meet the needs of the residents of West Sussex;
- That the Capital Programme and Strategy (Annex 2a) meet the anticipated future needs of the County Council;
- That the Treasury Management Strategy (Annex 2b) ensures financial risks are minimised, security of capital is ensured and that the borrowing needs of the capital programme are met within the authorised borrowing limit and the efficient management of funds;
- That the proposed changes to fees and charges (Appendix 7):-
 - meet the objectives of cost recovery or meet other financial or policy objectives,
 - are reasonable and meet the needs and priorities of the Council, and

- that the impact of changes have been considered, with any unintended consequences, and mitigations to address these, identified.

The Chairman will summarise the output of the debate for consideration by the Committee.

Details

The ambitions 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.

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.

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 most 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).

A revised Council Plan, which reflects 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, is attached at Appendix 8. While the majority of KPIs remain appropriate there are a number recommended for up-date Appendix 8 includes the KPIs recommended to be changed.

The draft Revenue Budget for 2023/24, the draft Capital Strategy 2023/24 to 2027/28 and the draft Treasury Management Strategy Statement 2023/24 are set out in Appendix A, attached. The Committee is asked to review the reports, provide any comments for consideration at the Cabinet meeting to be held on 31 January 2023 and endorse the budget being presented. The Committee should focus on ensuring that the budget presented is realistic and enables the achievement of the priorities and objectives agreed in the Council Plan.

Key factors taken into account when developing the 2023/24 budget include:-

- Impact of macro-economic conditions – inflation and interest rates. The 2023/24 budget uses the latest forecasts from the Office for Budget Responsibility published in November 2022.

- Government funding through the Local Government Finance Settlement.
- Other potential income sources, including, forecast council tax and business rates collection and fees and charges.
- Forecast increase in demand pressures.
- Savings proposals which will include reducing costs and increasing income.

Taking all these factors into consideration the Council will spend £1,859.1m on the day to day running of local services to deliver the priorities that are set out in the Council Plan. After specific government grants, fees and charges income and other contributions the net revenue expenditure proposed is £708.8m This is an increase from 2022/23 of £60.5m (9.3%). This reflects spending pressures such as, pay and price inflation and the pressures faced in both Adults' and Children's Social Care Services.

The County Council's policy is to increase discretionary fees and charges by the level of RPI in the previous September. For 2023/24 this is 12.6%. This is the financial planning assumption but all fees and charges are considered on a case by case basis. Paragraph 3.23-3.26 and Appendix 7 provide details of the proposed fees and charges.

The total value of schemes in the 2023/24 – 2027/28 capital programme is £747.2m, £124.9m is included for 2023/24 (Annex 2a). Table 23 in the report details the indicative funding for the Capital Programme.

The report proposes a Council Tax increase of 4.99%, 2.99% for General Fund services and 2% Adult Social Care precept.

Further background and context to this item for scrutiny are set out in the attached reports (listed below), including resource, risk, equality and legal implications.

Comments from the 20 January 2023 Member Day session on the budget are also presented for the committee to consider, Appendix B, to follow.

Tony Kershaw

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Appendices

- Appendix A – Our Council Plan and 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 Pages
 - Appendix 7 – Fees and Charges
 - Appendix 8 – Council Plan and Key Performance Indicators
- ☉ Annex 2(a) – West Sussex Capital Strategy 2023/2028 - 2027/28
- Appendix A – Capital Programme 2023/24 – 2027/28
 - Appendix B - Minimum Revenue Provision (MRP) Statement – 2023/24
 - Appendix C - Illustrative External Debt/Internal Borrowing Projections
 - Appendix D - Graphical Illustrative of Debt Projections to 31 March 2073
 - Appendix E - Flexible Use of Capital Receipts Strategy 2022-23 – Update
- Annex 2(b) - Treasury Management Strategy Statement 2023/24
 - Appendix A – West Sussex County Council - Treasury Portfolio (31/12/2022)
 - Appendix B – Economic and Interest Rate Forecast (Link Group)
 - Annex 2(c) – Prudential Indicators 2023/24 to 2027/28
 - Annex 3 – Equality Impact Report: Council Plan and Budget 2023/24
- Appendix B – summary of comments from the Member Development session held on 20 January 2023 for the committee to consider (to follow)

Background papers

None