

Report to Cabinet

25 July 2023

Update on Council Plan and Medium-Term Financial Strategy

Report by Director of Finance and Support Services and Director of Law and Assurance

Electoral division(s): All

Summary

In February 2024, the County Council will agree its updated Council Plan and the revenue and capital budget for 2024/25. The attached report and associated appendices start the 2024/25 planning process for updating the Council Plan and sets out the Medium-Term Financial Strategy to support business and financial planning over the next five years.

Recommendations

Cabinet are requested to note: -

- The external and internal context that the County Council is operating within.
- The Council Plan priorities and outcomes in Section 3 which will be used to inform the discussion over the next few months before the revised Council Plan is published in February 2024;
- The financial challenge over the medium term and the immediate budget gap of £45m for 2024/25 that must be addressed before a balanced budget can be set in February 2024;
- The risks and uncertainties in Section 6 and Annex 3 that still remain; and
- The overall approach for balancing the budget in Section 7.

Proposal

1 Background and context

1.1 This is the first report to Cabinet for the 2024/25 business planning process and provides an update on each of the following areas:

- External policy context and evidence base;
- WSCC local policy context;
- Current priority outcomes and delivery outcomes,
- Financial context and approach to setting the budget for 2024/25, and longer term financial planning.

1.2 The Council Plan and key performance indicators will be subject to review over the next few months.

- 1.3 In terms of the financial position, there remains much uncertainty in three main areas – Government reforms on the horizon, macro-economic conditions, demand pressures and future funding for Local Government. This makes forecasting costs and opportunities challenging but the Council is committed to longer term planning for financial sustainability. The assumptions made throughout the report are based on the latest information and best estimates.
- 1.4 The revised medium-term forecast shows a budget gap across the five years of between £90m and £171m dependent on the level of Council Tax increase. It is acknowledged that Council Tax increases remain a local decision by County Council each year but if the maximum increases were taken in 2024/25 and 2025/26, the budget gap would be reduced to £17m for each year.
- 1.5 There are a number of risks with this position and these are set out in the report. The position excludes any impact of changes in Local Government Funding, financial impact of Adult Social Care reforms, funding of the DSG deficit and SEND pressures and any of the other policy changes Government may introduce. Officers are currently assuming that any substantial changes from Government are likely to be from 2026/27 if the next spending review takes place in early 2025. However, this is a risk and will remain under review.
- 1.6 Budget pressures and risks continue to be monitored and, over the coming months, proposals for budget reductions will be identified to close the gap. Financial Plans assume that the current deficit on the SEND budget will reach £63.7m by March 2024 but that this will remain ringfenced to the Dedicated Schools Grant.
- 1.7 Both revenue and capital proposals will be published in the Autumn for engagement and feedback. The draft Council Plan, 2024/25 draft revenue budget and capital programme will be presented to Cabinet in January 2024 and will consider any feedback received.
- 1.8 The full timetable is set out in Section 10 of the report.

2 Proposal details

- 2.1 It is proposed that Cabinet review the update to the Council Plan and the Medium-Term Financial Strategy set out in Appendix A.

3 Consultation, engagement and advice

- 3.1 The Executive Leadership Team and Cabinet Members have considered the update to the Council Plan and Medium Term Financial Strategy.

4 Finance

- 4.1 The financial implications are as set out throughout the report in Appendix A.

5 Risk implications and mitigations

- 5.1 The risk assessment implications and mitigations are set out in section six of Appendix A with further details included in Annex 5.

6 Policy alignment and compliance

- 6.1 The report sets out the approach for updating the Council Plan and for setting a balanced budget for 2024/25 in accordance with the County Council's statutory duty.

Taryn Eves
Director of Finance & Support Services

Tony Kershaw
Director of Law and Assurance

Contact Officer: Rebecca Taylor, Financial Planning Manager, 0330 222 6878, rebecca.taylor@westsussex.gov.uk

Appendices

- Appendix A Update on Council Plan and MTFS
- Annex 1 External Context - Economic Environment, Government Policy and Demographic Changes
- Annex 2 Internal Context - Local Priorities, Our Improvement and Change Programmes
- Annex 3 Funding sources and levels of funding projections 2024/25 onwards
- Annex 4 Forecast spending pressures 2024/25 onward
- Annex 5 Risks and Uncertainties
- Annex 6 Schools' Budget