

County Council – 15 December 2023

Item 10(a) – Notice of Motion from Cllr Kirsty Lord on Funding

Briefing Note

Local Government Funding

Funding from the Government for local authorities is through the Settlement Funding Assessment (SFA).

The SFA is a combination of Revenue Support Grant and business rates baseline funding and is determined through a national formula. Since 2015/16, SFA for West Sussex County Council has reduced from £157m to £82m in 2023/24 – a reduction of £75m (48%).

Core Spending Power

Each year, the Local Government Finance Settlement also publishes figures for Core Spending Power. In addition to the SFA, this includes other general service grants and forecast income from Council Tax collection. Core Spending Power will always assume that Council Tax is increased by the maximum allowable subject to referendum thresholds as well as making assumptions for our Council Tax Base and collection rates.

Since 2015/16, Core Spending Power has increased by 41%. This is largely driven by increases in Council Tax, dedicated Adult Social Care grants and the general services grant. All such grants are time limited and local authorities remain unclear year on year on their continuation which makes long term planning and financial sustainability extremely challenging.

Autumn Statement 2023

On 22 November the Chancellor published his Autumn Statement 2023. Although additional funding was announced for councils with housing and planning responsibilities, there was no reference to additional funding for county councils or any recognition of the significant financial pressure facing county councils.

Local Government Finance Settlement 2024/25

The provisional Local Government Finance Settlement for 2024/25 is expected to be published the week commencing 18 December 2023. Similar to last year, the Government published a 2024/25 funding policy paper on 5 December 2023.

The policy paper gave an indication of the inflationary uplifts in government funding expected for 2024/25 and which are broadly in line with the current assumptions. Similar to the Autumn Statement, the policy paper did not indicate any new funding for social care and home to school transport – the two biggest financial pressures currently facing West Sussex. The County Council will now await the provisional Local Government Finance Settlement for 2024/25 but based on the Autumn Statement and the Policy Statement it is unlikely there will be any new funding.

The provisional settlement is expected to be subject to 28 days consultation as in previous years before the final settlement is published in February 2024.

Lobbying

Lobbying plays a critical part in discussions with the Government on Local Government Funding. This takes a variety of forms through the year:

- Through work with district and boroughs;
- Engagement with local MPs to raise awareness of local issues for their support in lobbying for local issues with the Government;
- Collectively with the South East 7 group of Local Authorities (West Sussex, East Sussex, Brighton and Hove, Hampshire, Medway and Kent);
- Through the County Councils Network (CCN);
- In collaboration with partners of service specific issues; and
- Writing directly to ministers.

Prior to the Autumn Statement 2023, specific lobbying activities relating to funding included:

- West Sussex took part in the Society of County Treasurers Budget Survey which supported the CCN in its calling for emergency funding for children services this year;
- West Sussex support to a CCN letter to the Chancellor and Levelling Up Secretary outlining the findings of the budget survey and based on this evidence the Autumn Statement financial asks. This received extensive media coverage through the BBC, Sky News, The Guardian, Independent, The Sun, Talk TV and across BBC regional radio.
- A letter from the Leaders of the five county councils that are part of the SE7 group to the Chancellor urging the Government to provide essential funding for children's social care and home to school transport in the Autumn Statement and Provisional Local Government Finance Settlement.

Given the disappointment in the announcements made in the Autumn Statement 2023, lobbying has continued to try to encourage the Government to recognise the role local government plays in delivering services to its residents and the risk to front line services if no new funding is identified in the provisional Local Government Finance Settlement due to be published later this month. This has included:

- A joint letter from the Leaders of the county councils through the County Councils Network expressing concern that the Autumn Statement did not address the severe and mounting financial pressures facing well run, county and unitary authorities.
- A letter to the Chancellor from the Cabinet Member for Finance and Property expressing disappointment with the Autumn Statement at acknowledging the pressures faced by upper tier authorities and with specific reference to West Sussex's financial challenges – soaring inflation, children's social care, home to school transport and the need for direction on the funding of the DSG deficit when the current statutory over-ride ends.

Lobbying will continue in the run up to the publication of the Provisional Local Government Finance Settlement later this month and throughout the consultation period to February 2024.

Funding 2025/26 onwards

There remains a significant financial challenge for West Sussex from 2025/26 onwards with an estimated budget gap of between £87m and £140m depending on the level of Council Tax increase. Officers and members will continue to work with the Government for long term funding reforms both directly and through the channels above. This will include funding for Children's Social Care and the Josh MacAlister recommendations, Adult Social Care and the delayed reforms, SEND and the increasing number of young people with EHCPs and wider funding reforms, previously referred to as the Fair Funding Review.

Taryn Eves

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