
Performance and Finance Scrutiny Committee

24 January 2024

Council Plan and Draft Budget 2024-25

Report by Director of Law and Assurance

Summary

The draft Council Plan refresh and Budget for 2024/25 are presented to the Committee for scrutiny ahead of consideration of the Plan and Budget at Cabinet on 30 January 2024 for recommendation to the County Council on 16 February 2024. Any comments or recommendations from the Committee will be considered by the Cabinet at its meeting on 30 January.

Focus for Scrutiny

The Committee is asked to review the attached pack and provide any comments for consideration at the Cabinet meeting to be held on 30 January 2024. The Committee should focus on ensuring that the Plan's priorities remain the right ones and that the budget presented is realistic and enables the achievement of the priorities and objectives set out in the Council Plan.

Key lines of enquiry include:-

1. That the Council Plan remains relevant and appropriate and continues to prioritise the right outcomes for the people of West Sussex;
2. Ensuring that the Budget presented, including any additional investment to meet demand and other pressures and the proposed savings, is realistic and enables the achievement of the priorities and objectives in the Council Plan;
3. Ensuring that the level of reserves held ensures the County Council remains financially resilient (Appendix 5);
4. That the increase in Council Tax is justified and appropriate;
5. That the Capital Programme and Strategy (Annex 2 (a)) meet the anticipated future needs of the County Council;
6. That the Treasury Management Strategy (Annex 2 (b)) 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;
7. That the proposed changes to fees and charges (Appendix 7) are reasonable and:-
 - meet the objectives of cost recovery or other financial or policy objectives,
 - meet the needs and priorities of the Council, and
 - that the impact of changes has 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 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 protecting the environment, 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 the most beneficial effect for the people of West Sussex from the available resources. The Key Performance Indicators (KPIs) and targets have been reviewed and refreshed for 2024/25. These are set out in Appendix 8 including the recommended changes.

The draft Revenue Budget for 2024/25, the draft Capital Strategy 2024/25 to 2028/29 and the draft Treasury Management Strategy Statement 2024/25 are set out in the attached pack.

The Council will spend £2,043.5m 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 £761.4m. This is an increase from 2023/24 of £52.6m (7.4%). This reflects spending pressures such as, pay and price inflation and the service demand pressures faced in both Adults' and Children's Social Care Services.

The 2024/25 budget assumes £15.7m of proposed budget reductions, Appendix 3. These have been subject to consultation and engagement during November and December 2023 as set out in Appendix 9. There are no changes proposed by Cabinet at this stage but any further feedback from the Committee will be considered before the final draft budget is considered at Cabinet on 30 January. The budget also includes £9.0m of savings re-profiled from previous years resulting in total savings for 2024/25 of £24.7m.

The County Council's policy is to increase discretionary fees and charges by the level of Retail Price Index in the previous September. For 2024/25 this is 8.9%. This is the financial planning assumption but all fees and charges are considered on a case by case basis and so some changes will not reflect this level of uplift. Appendix 7 provide details of the proposed fees and charges.

Details of the Council's reserves is set out in Appendix 5. This includes £3m for one off spending pressures as set out in Table 3 of the report, £5m towards continued additional revenue highways maintenance and £3.6m to balance the budget.

Maintaining a prudent level of reserves is required for the County Council to maintain financial sustainability and to protect against future risks and uncertainties and reserves can only be used once. In line with the County Council's budget principles, the budget management reserve will be replenished over the period 2026/27 to 2030/31.

The total value of schemes in the 2024/25 – 2028/29 capital programme is £695.3, £131.6m is included for 2024/25 (Annex 2a). Table 21 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. The Council Tax base is forecast to increase by 0.8% in 2024/25 which is lower than the average increase of 1.5% over recent years.

A balanced budget for 2024/25 is proposed but there remains a significant financial challenge from 2025/26. The medium-term financial position is set out in Table 17 and shows, based on the latest information and assumptions, that there remains a budget shortfall of between £58m and £190m depending on the level of Council Tax increase. The five year forecast on reserve balances is set out in Table 19.

The Treasury Management Strategy 2024/25 is included at Annex 2b and sets out the County Council's approach to Treasury Management activity, including the impact of the Dedicated Schools Grant deficit which, although not part of the County Council's balance sheet because of the statutory override in place until 2026, is resulting in lost investment income of an estimated £5.7m in 2024/25.

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

Comments from the 19 January 2024 Member Day session on the budget are also presented for the committee to consider, Annex 4, to follow.

Tony Kershaw

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Appendices

Annex 1 – Budget Pack

Appendices

1. Summary of Revenue Budget and Precept 2024/25
2. Analysis of Changes
3. Balancing the Budget
4. Grants Towards Specific Services

5. Reserves
6. Detailed Portfolio Pages
 - Adults Services
 - Children and Young People, Learning and Skills
 - Community Support, Fire and Rescue
 - Environment and Climate Change
 - Finance and Property
 - Highways and Transport
 - Leader
 - Public Health and Wellbeing
 - Support Services and Economic Development
7. Fees and Charges
8. Our Council Plan and KPIs
9. Consultation and Engagement

Annex 2(a) - Capital Strategy 2024/25 – 2028/29

Annex 2(b) - Treasury Management Strategy Statement 2024/25

Annex 2(c) - Prudential Indicators 2024/25 – 2028/29

Annex 3 – Equality Impact Assessment

Annex 4 – Summary of Comments from Member Development Session (to follow)

Background papers

None