

DRAFT CORPORATE PLAN AND BUDGET FOR 2023/24

REPORT OF: DIRECTOR OF RESOURCES AND ORGANISATIONAL DEVELOPMENT
Contact Officer: Rachel Jarvis, Assistant Director Corporate Resources (and S151 Officer), email: rachel.jarvis@midsussex.gov.uk 01444 477064
Wards Affected: All
Key Decision: Yes
Report to: Cabinet
6 February 2023

Purpose of Report

1. To seek Cabinet's consideration of the draft Corporate Plan and Budget for 2023/24, taking account of the views expressed by the Scrutiny Committee for Leader, Deputy Leader and Housing and Customer Service at its meeting on 11 January 2023. Cabinet is asked to consider this report in conjunction with Appendix 1, which is the relevant extract from the Scrutiny minutes and Appendix 2, The Draft Corporate Plan and Budget 2023/24.

Summary

2. The Council approves a Corporate Plan and Budget annually which sets out how it will deliver its services and spend its financial resources in the following financial year. The draft proposals for 2023/24 are set out in Appendix 2 to this report, which Scrutiny Committee formally considered at its meeting on 11 January 2023. This includes draft plans for services which propose activities, projects, and levels of performance for the coming year (set out at section 2 of the report). These are supported by a Medium-Term Financial Plan (MTFP) that presents the financial assumptions and makes recommendations to achieve a balanced budget position (set out at section 1 of the report). Together with considerations for the update to the Capital Programme and Strategy (set out at section 3 of the report).
3. The draft Corporate Plan and Budget has been produced against a backdrop of significant financial and economic challenges both nationally and locally, and with ongoing uncertainty in local government finance across both the short and medium term, particularly in relation to proposed funding reform. We have also received the Local Government Financial Settlement, the impact of which is included in Tables 1, 2 and 3.
4. The provisional settlement announced on 19 December 2022 was a slightly improved position to that which was forecast and provides an increase in overall grant funding of £286k. The New Homes Bonus scheme continues for one more year which also helps our General Reserve position.
5. The General Reserve has also been updated to reflect the Reserves Report approved by Cabinet on 19 December 2022.
6. The West Sussex Business Rates Pool will also continue for 2023/24.
7. Paragraph 16 of this report also details another minor amendment to the Draft Corporate Plan and Budget for 2023/24.
8. Over the medium term however, an imbalance persists that will need attention over the coming period.

Recommendations

9. **Cabinet is requested to recommend to Council the proposals for 2023/24 as set out in the report to the Scrutiny Committee and as amended by this report, specifically:**

- i. **The financial outlook facing the Council over the medium term updated for the provisional settlement set out in table 1;**
- ii. **The proposed increase in Council Tax of 2.75%;**
- iii. **The strategy to use Treasury Management income and then, if needed, General Reserve to balance the budget over the medium term;**
- iv. **Updates to the Capital Programme and strategy; and**
- v. **The service commentaries and supporting summary budget tables for each service area; and,**
- vi. **to note the ongoing membership of the West Sussex Business Rates Pool.**

Background

10. The proposals set out in the draft Corporate Plan and Budget have been made using the same approach as in previous years and are the result of a process of budget and service review which has covered all the Council's services.
11. The draft proposals were published for a period of consultation with all Members on 16 December 2022. The consultation period included a meeting of the Scrutiny Committee for Leader, Deputy Leader and Housing and Customer Service on 11 January 2023 where the proposals were discussed in detail. The proposals presented to the Committee were supported.
12. Since the Papers were published there have been two areas that require amendment and updating; The outcome of the provisional settlement and the confirmation of the continuation of the West Sussex Business Rates pool, which are set out below.
13. The Business Rates pool implemented in 2022/23 continues for 2023/24. The pool works on a no deterrent basis and allows more rates to be kept locally rather than given to the government as part of the administration levy.
14. The pool allows an estimated £5.9m more to be retained within the county area than would otherwise be available.
15. This £5.9m will be used to stimulate economic growth in the County subject to the agreement of all the Leaders within the County area. Previous projects have included the full fibre project to install gigabit fibre in a number of rural areas.
16. The change to the MTFP as a result of the Provisional Local Government Settlement is presented at Table 1. Reducing the Treasury Management target by the overall increase in grant funding of £286k. In addition, the reserves as previously presented are updated for the additional year of NHB, and the reserves review approved by Cabinet on 19th December, summarised in table 2. An updated MTFP is then presented at table 3.

Table 1 – Update for Provisional Local Government Settlement

Medium Term Financial Plan Changes since Scrutiny Committee for Leader, Deputy Leader & Housing and Customer Service
11 January 2023

<i>Revenue Spending</i>	<u>Year 1</u> 2023/24 £'000	<u>Year 2</u> 2024/25 £'000	<u>Year 3</u> 2025/26 £'000	<u>Year 4</u> 2026/27 £'000
Deficit position Scrutiny Committee for Leader, Deputy Leader & Housing and Customer Service 11 January 2023	-	605	3,233	3,281
<u>Changes from Local Government Finance Settlement (Provisional announced 19 Dec 2022):</u>				
-Funding Guarantee Grant 23/24	(415)			
- Removal of Lower Tiers Services Grant (LTSG)	98			
- Reduced Services Grant from 148k to £83k	65			
- Revenue Support Grant (RSG)	(130)			
-Removal of Local Council Tax Support Grant (LCTS)	91			
- Housing Benefit Administration Grant reduced from £224k to £219k	5			
Reduced Use of Treasury Management Interest to balance budget in 2023/24	286			
Surplus (-) / Deficit (+) position Cabinet 6 February 2023	-	605	3,233	3,281

Table 2 – Update to General Reserve

	31/03/2023	31/03/2024	31/03/2025	31/03/2026	31/03/2027
General Reserve Cabinet 6 Feb 2023	£'000s 10,553	£'000s 10,960	£'000s 10,656	£'000 7,929	£'000 4,648

Updated for NHB and Reserves review of December.

Table 3 – Revised Medium Term Financial Plan

**Medium Term Financial Plan
Cabinet 6 February 2023**

	<u>Year 0</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>
	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Revenue Spending					
Base Net Expenditure	17,024	16,181	16,239	16,229	16,286
Benefits	(119)	(119)	(119)	(119)	(119)
Drainage levies	-	-	-	-	-
Base Revenue Spending	16,905	16,062	16,120	16,110	16,167
Balance Unallocated	20	20	20	20	20
Council Net Expenditure	16,925	16,082	16,140	16,130	16,187
Contribution to Reserves in base budget	832	894	894	894	894
Net Service Change (including pay award uplift 22/23)		1,221	1,211	1,071	961
Net General inflation excluding Fees and Charges		1,829	2,616	3,403	4,190
Fees and Charges Inflation 23/24		(206)	(206)	(206)	(206)
Savings from efficiency programme	(50)	-	(250)	(250)	(250)
Total Revenue Spending	17,707	19,820	20,405	21,042	21,776
External Funding (RSG)	0	(130)	0	0	0
Rates Retention Scheme (RRS) funding	(5,146)	(6,170)	(6,470)	(4,275)	(4,446)
HB Admin Grant / LCTS Grant	(315)	(219)	(315)	(315)	(315)
Services Grant 22/23 only	(148)	(83)	-	-	-
Funding Guarantee Grant 23/24		(415)	-	-	-
Lower Tier Services Grant 21/22 and 22/23 only	(98)	-	-	-	-
Council Tax Requirement @ 2.75% in 23/24	(11,404)	(11,983)	(12,475)	(12,979)	(13,494)
Dividend income LAPF	(240)	(240)	(240)	(240)	(240)
Collection Fund:					
- Council Tax deficit / (surplus)	(175)	(191)	-	-	-
Use of Treasury Management Interest to balance budget	-	(389)	(300)	-	-
Use of General Reserve to balance budget	(181)	-	-	-	-
Cumulative Balance deficit; / (surplus)	0	0	605	3,233	3,281

	<u>Year 0</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>
	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Financing Revenue Spending					
Council Taxbase	63,230.6	64,664.1	65,569	66,487	67,418
Change in Taxbase	1.62%	2.27%	1.40%	1.40%	1.40%
Revenue Budget	17,707	19,820	20,405	21,042	21,776
External Funding (RSG)	0	(130)	0	0	0
Rates Retention Scheme (RRS) funding	(5,146)	(6,170)	(6,470)	(4,275)	(4,446)
HB Admin Grant / LCTS Grant	(315)	(219)	(315)	(315)	(315)
Services Grant 22/23 only	(148)	(83)	-	-	-
Funding Guarantee Grant 23/24		(415)	-	-	-
Lower Tier Services Grant 21/22 and 22/23 only	(98)	-	-	-	-
Council Tax Requirement	(11,404)	(11,983)	(12,475)	(12,979)	(13,494)
Dividend income LAPF	(240)	(240)	(240)	(240)	(240)
Collection Fund:					
- Council Tax deficit / (surplus)	(175)	(191)	-	-	-
Use of Treasury Management Interest to balance budget	-	(389)	(300)	-	-
Use of General Reserve to balance budget	(181)	-	-	-	-
Total Financing	(17,707)	(19,820)	(19,800)	(17,809)	(18,495)
Balance [(deficit); /surplus]	(0)	(0)	(605)	(3,233)	(3,281)
Council Tax at Band D	£ 180.36	£ 185.31			
Change from previous year	2.80%	2.75%			

17. The following amendment is also required to the draft Scrutiny report: -

- (a) Page 16 para 5 line 5 should read: ~~November~~ December being 8% ~~almost 20%~~ above projected budget

Consideration of the Draft Corporate Plan and Budget 2023/24 by the Scrutiny Committee for Leader, Deputy Leader and Housing and Customer Service

18. The Scrutiny Committee were asked to consider five aspects of the Draft Corporate Plan and Budget;
- The financial outlook facing the Council over the medium term updated for the provisional settlement set out in table 1;
 - The proposed increase in Council Tax of 2.75%;
 - The strategy to use Treasury Management income and then, if needed, General Reserve to balance the budget over the medium term;
 - Updates to the Capital Programme and strategy; and
 - The service commentaries and supporting summary budget tables for each service area.
19. The draft minutes at Appendix 1, demonstrate the full and helpful discussion at the Scrutiny Committee with Members asking a wide range of detailed questions, including in relation to inflation, energy costs and the role officers had played in reducing costs and managing finances against external pressures.
- Officers highlighted, and members noted the considerable achievements in delivery across the year, alongside the ability to deliver a balanced budget in a challenging climate. The potential challenges of future changes to Business Rates were noted as a potential pressure in future years.
20. Though the discussion was details, it did not result in any changes to the proposals but were very helpful to officers and Portfolio Holders. The approach to Council Tax and the use of Treasury Management Income was endorsed by the Committee.

Capital Programme

21. The Council's 5 year (current year plus 4) rolling Capital Programme was supported as presented. The Capital Strategy and planned programme will be considered by Audit Committee in February and recommended to Council before the start of the financial year. The programme is dynamic in support of the Councils investment need, its sustainability and long-term service delivery. Consequently, projects are added to the programme during the year.

Financial Implications

22. There are no financial implications other than those identified in this report.

Risk Management Implications

23. In the preparation of the draft Corporate Plan and Budget, risks will have been assessed and those that can be mitigated will have a plan attached. It is not therefore considered that these proposals bring forward any significant risk.

Equalities Implications

24. There are no such implications within this report.

Sustainability Implications

25. There are no such implications within this report.

Other Material Implications

26. There are no other material implications other than those already set out in this report.

Appendices

Appendix 1

[Extract of Draft Minutes of](#)

[Scrutiny Committee for Leader, Deputy Leader and Housing and Customer Service on 11 January 2023](#)

Appendix 2

[Draft Corporate Plan and Budget 2023/24 \(as amended\)](#)

Background Papers

None