

County Council

2024-25 Liberal Democrat Revenue Budget Proposal Amendments

Date: Thursday 8 February 2024

Time: 10.00 am

Venue: Council Chamber, Shire Hall

Items on the agenda: -

- | | |
|---|---------------|
| 2. 2024/25 Budget and 2024/29 Medium Term Financial Strategy | 3 - 12 |
|---|---------------|

Monica Fogarty
Chief Executive
Warwickshire County Council
Shire Hall, Warwick

This page is intentionally left blank

This proposal represents an alternative 2024/25 Revenue Budget Proposal. The detail shows the differences compared to the Conservative proposals to aid effective debate.

2024/25 Revenue Budget Proposal

Liberal Democrat Recommendations to County Council

The County Council is recommended to plan its budget framework for 2024/25 on the following basis:

1. Financial Direction of Travel

Delete paragraphs 1.1 to 1.6 and replace as follows, renumbering the following paragraphs accordingly:

- 1.1 We would like to start by placing on record our gratitude to all staff at every level, who have continued to provide services for the residents of Warwickshire. We are also grateful to all the community groups, volunteers and individuals who have continued to support our communities.
- 1.2 The Resolution Foundation stated that 2022 ‘was to be a year of the squeeze’. Throughout 2023 and into 2024 that squeeze has continued with little or no growth. Warwickshire, like many other County Councils, are seeing the continuing demands placed on our Council services – especially on Special Educational Needs & Disabilities (SEND) and along with the demographic changes of an older population with more complex needs – which when taken with this year’s local government settlement is yet another hammer blow for local council services. The Conservative Finance spokesperson for the County Council’s Network (CCN) said about the local government settlement, ***“With no additional funding announced, our councils will have no choice but to implement more severe reductions to services and to levy higher council tax rises. This will undoubtedly be a double whammy for residents during a cost-of-living crisis, while an increasing number of local authorities will struggle to deliver a balanced budget next year”***.
- 1.3 Whilst it is welcome that extra funding was announced after a concerted campaign by CCN and others it is only confirmed for one year and goes nowhere near to resolving the issue of SEND. The Chancellor’s actions are forcing County Councils to make ever

extreme and difficult decisions which in turn mean a reduction in what this local authority can provide whilst at the same time passing the burden of extra taxation directly onto residents.

- 1.4 We call on the Government to resolve the ongoing funding difficulties with SEND, Home to School Transport and Children's social care and commit to writing to the Prime Minister, Secretary of State and Warwickshire MPs calling on them to increase funding so that further disastrous cuts are avoided.
- 1.5 As Warwickshire County Council heads towards adopting a new Medium-Term Financial Strategy (MTFS) that balances the budget over the medium term whilst recognising the Section 151 Officer's comments about the medium-term and a reduced council tax base along with the reserves position, Liberal Democrats are reaffirming our key priorities that have been used for all decision making.
- 1.6 We aim to make Warwickshire:
 - **Fairer** – giving opportunities for all
 - **Caring** – for all our residents
 - **Greener** – Climate action now
- 1.7 The Liberal Democrat ambition is to build strong, sustainable and resilient communities, reducing health inequalities, and supporting young people, children and families.

Add the following bullet points to paragraph 1.8 (previously 1.7):

- 1.8 To ensure the finances of the Council are robust and sustainable we will:
 - Invest £0.050m on a permanent basis in the areas highlighted in the Palliative Care Strategy 2024-2029 which supports babies, children and young people diagnosed with a life-shortening condition or those for whom curative treatment for a life-threatening condition is not an option. Use of the funding should be conditional on partners also investing in the strategy.
 - Invest £0.300m over three years (£0.100m a year) into the Children & Young People Strategy, that runs to 2030, to accelerate work on young people's mental health.
 - Request that Corporate Board ensures that the SEND strategy integrates to all other corporate strategy documents putting support first and demonstrating a clear pathway from conception to adulthood, reporting back to Council.
 - Request that Corporate Board bring forward early plans from the Director of Strategic Infrastructure & Climate Change on strengthening the policies used where developments are planned and are taking place to ensure that the costs

of adaptation and climate change of new developments are not borne unfairly by residents.

- Request that a review is undertaken by the County Council and the Coventry and Warwickshire Integrated Care System as to how to best deliver services through place partnerships; exploring opportunities for more joined-up delivery at place level. Proposals on how to strengthen this work should be brought forward as part of the 2025/26 budget.

Delete paragraphs 1.12 and 1.13 (previously 1.11 and 1.12) and replace as follows:

1.12 The priorities for the use of the Revenue Investment Fund in 2024/25 should be to invest in time-limited activity to reduce long-term costs, invest-to -save and enable:

- ❖ **A thriving Economy** - business cases should seek to prioritise the strengthening of Warwickshire's towns and communities by making us a leader in supporting a green economy and targeting micro business as outlined in the recommendations of the CWLEP Growth Hub Report;
- ❖ **A greener, sustainable future**, accelerating the work needed to make Warwickshire County Council a net zero carbon producer by 2030; and
- ❖ **A Fairer, Caring Best Lives Fund** - business cases should prioritise mental health support in communities alongside long Covid, investment in community youth support work and in preventative public health work.

4. Revenue Allocations

Delete Section 4 and replace as follows:

4.1. To reflect the significant pressures on communities and the increasing demand for services we are responsible for, whilst ensuring we continue to develop so we can deliver the public services expected for the future, we are making allocations totalling £83.093m.

4.2. We will provide £31.869m for the estimated cost of pay and price inflation in 2024/25, allocated between Services as shown in **Appendix A**. In making this allocation it is acknowledged that the allocation to Services for inflation is an approximate cost, recognising that costs will increase at different rates. Once the overall allocation has been agreed, a Service will have the opportunity to allocate the funding provided to reflect where inflation will impact at a local level.

4.3. In addition to meeting the estimated cost of inflation we will also provide £51.284m to meet additional spending need, of which £23.522m is time-limited. Details of the

allocations and how we expect the funding to be used are also detailed in **Annex A to Appendix A** for permanent allocations and **Annex B to Appendix B** for time-limited allocations.

- 4.4. Allocations for future years, as listed in Appendices A and B as amended by Annexes A and B, are indicative at this stage. They are detailed as part of ensuring that our budget proposals are robust and sustainable over the medium-term. We require the need for, and level of, all these allocations to be reviewed as part of the 2025/26 MTFS refresh.
- 4.5. We expect Services to manage all other issues in 2024/25 from within existing financial resource levels and support the net planned use of £4.439m of earmarked reserves to provide capacity to invest in service change and to allow space to effectively implement service redesign/reprioritisation.

5. Funding Sources

Replace paragraph 5.4 as follows:

- 5.4 Our plan for budget reductions will generate savings of £16.177m in 2024/25 and a further £46.093m over the period of the Medium Term Financial Strategy. Approval is given to the plans for the delivery of these savings detailed in **Annex D to Appendix D**. If during 2024/25 any of the budget reductions do not materialise to the degree shown, the Director in conjunction with their Executive Director and Portfolio Holder should identify alternative proposals to ensure the required reductions in expenditure are delivered. We will report on this as part of quarterly monitoring reports to Cabinet.

Replace paragraph 5.8 as follows:

- 5.8 We will use £15.849m of reserves in 2024/25 to fund time-limited costs and budget allocations and to accommodate the differences in timing between spending need and the delivery of savings and/or growth in the business and council tax bases.

6. Medium Term Financial Strategy

Replace paragraph 6.7 as follows:

- 6.7 We recognise our MTFS means significant challenges for the organisation, including the changing way in which people want to access services. Our proposals recognise that this will take time and investment and broad engagement with all those affected, both inside and outside the organisation. Our MTFS requires the use of £20.953m of

reserves, including £15.849m in 2024/25. The availability of this level of reserves is consistent with our Reserves Strategy, attached at Appendix C.

Replace paragraph 6.10 as follows:

6.10 A summary of our MTFs, demonstrating how we plan to balance our spending needs and resources over the medium term is shown in **Annex E to Appendix E**.

7. Executive Director for Resources: Statement

Amend the key assumptions for the 2024/25 budget and MTFs in paragraph 7.1 as follows:

The key assumptions for the 2024/25 budget and MTFs in this resolution are:

- *provision for specific spending pressures of £94.4m plus £34.0m for future unknown or unquantified spending need;*
- *a programme of budget reductions totalling £62.3m to be delivered in the next five years; and*
- *the use of £21.0m reserves.*

All other assumptions remain unchanged.

Amend Risk 11 – Demand Growth Risk as follows:

Increase the proportion of the savings plan linked to demand management from 36% to 38%.

All other risks remain unchanged.

8. Summary of Service Estimates

Replace paragraph 8.1 as follows:

8.1. Approval be given to the individual service net revenue estimates shown below, which will be finalised for the service estimates to be presented to Cabinet in April 2024 of:

	Base Budget	Revenue Allocations	Funding Sources	Total
	£	£	£	£
Children and Families	82,432,685	8,351,000	(3,342,000)	87,441,685
Education	153,127,258	576,000	(20,000)	153,683,258
Economy and Place	22,777,924	792,000	(174,000)	23,395,924
Environment, Planning and Transport	61,411,133	12,127,000	(1,133,000)	72,405,133
Fire and Rescue	25,097,885	128,000	(71,000)	25,154,885
Strategic Infrastructure & Climate Change	1,451,000	55,000	0	1,506,000
Strategic Commissioner for People	36,286,454	584,000	(381,000)	36,489,454
Social Care and Support	205,151,318	26,047,000	(6,216,000)	224,982,318
Enabling Services	26,404,458	2,308,000	(775,000)	27,937,458
Finance	15,760,801	441,000	(348,000)	15,853,801
Strategy, Planning and Governance	5,736,924	447,000	(106,000)	6,077,924
Workforce and Local Services	10,544,482	321,000	(32,000)	10,833,482
Corporate Services - spending	38,452,058	30,916,000	(3,579,000)	65,789,058
Corporate Services - schools and funding	(144,277,029)	0	(209,199,000)	(353,476,029)
	540,357,351	83,093,000	(225,376,000)	398,074,351
Contributions to/(from) reserves:				
- Earmarked Reserves	4,439,305			4,439,305
- General Reserves			(15,849,464)	(15,849,464)
Budget Requirement	544,796,656	83,093,000	(241,225,464)	386,664,192

All other sections/paragraphs remain unchanged.

Changes to the 2024-29 Permanent Investment Proposals

Figures in brackets represent a reduction in the budget allocation. Figures without brackets are an increased allocation.

Purpose of the Allocation by Service	Allocation 2024-25 £'000	Indicative Additional Future Allocation			
		2025-26 £'000	2026-27 £'000	2027-28 £'000	2028-29 £'000
People Strategy and Commissioning					
Palliative Care Strategy - An allocation towards the Palliative Care Strategy key priority for children and families at home support and care.	50	0	0	0	0
Annual Change in Permanent Allocations	50	0	0	0	0
Total Change in Permanent Allocations	50	50	50	50	50

Changes to the 2024-29 Time-limited Investment Proposals

Figures in brackets represent a reduction in the budget allocation. Figures without brackets are an increased allocation.

Purpose of the Allocation by Service	Allocation	Indicative Additional Future Allocation			
	2024-25 £'000	2025-26 £'000	2026-27 £'000	2027-28 £'000	2028-29 £'000
Children and Families					
Mental health support - A three-year allocation to accelerate work on the delivery of the Children and Young People strategy targeted at mental health.	100	100	100	0	0
Total Change in Time-Limited Allocations	100	100	100	0	0

Changes to the 2024-29 Proposed Budget Reductions

Figures in brackets represent an increase in the budget reduction. Figures without brackets are a reduction on the savings required.

Purpose of the Reduction by Service	Reduction 2024-25 £'000	Indicative Additional Future Reduction			
		2025-26 £'000	2026-27 £'000	2027-28 £'000	2028-29 £'000
Economy & Place					
Parking income - Remove the budget reduction from increased income from changes to Pay and Display charges and resident parking permits as well as additional third party procurement savings and the implementation of business parking permits.	0	0	445	445	885
People Strategy & Commissioning					
Housing related support - Rephase the budget reduction from decommissioning of the housing related support service offer.	0	1,000	0	(500)	(500)
Total in-year change to budget reductions	0	1,000	445	(55)	385
Total cumulative change to budget reductions	0	1,000	1,445	1,390	1,775

Medium Term Financial Strategy 2024-29 - Summary

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Spending					
Base Budget - on-going spend from the previous year	544.8	588.2	607.6	623.4	646.2
Provision for pay and price inflation	31.9	14.2	14.9	14.3	14.6
Demand and other permanent increases in spending need	27.7	18.7	14.7	18.6	20.4
Time-limited spending allocations	23.5	4.4	0.3	0.1	0.0
Savings plan	(16.2)	(13.5)	(13.7)	(10.2)	(8.7)
Total Net Spending	611.7	612.0	623.8	646.2	672.5
Resources					
Government grants	(118.5)	(109.6)	(109.6)	(109.6)	(109.6)
Business rates	(90.7)	(92.5)	(94.3)	(96.1)	(97.9)
Council Tax	(387.0)	(405.2)	(424.2)	(444.6)	(465.9)
Deficit on the collection of council tax in previous years	0.4	0.0	0.0	0.0	0.0
Total Resources	(595.8)	(607.3)	(628.1)	(650.3)	(673.4)
Use of/(contribution to) reserves	(15.9)	(4.7)	(0.3)	(0.1)	0.0
Net (surplus)/deficit	(0.0)	0.0	(4.6)	(4.2)	(0.9)