Agenda Item

Report to:	**Adult Social Care Scrutiny Committee**
Date:	**21 November 2006**
By:	**Chief Executive and Chief Officers**
Title of report:	**Reconciling Policy and Resources**
Purpose of report:	**To enable the Scrutiny Committee to consider the amended Policy Steers and the latest position on financial and policy issues**

RECOMMENDATIONS:

The Committee is recommended to:

1. **note the amended policy steers set out in appendix 1 of the Cabinet report; and**

2. **highlight any particular financial and policy issues it wishes to raise and feed into the Reconciling Policy and Resources process.**

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1. Financial Implications

1.1 This report is part of the process of developing the budget to be agreed by Council in February 2007.

2. Policy Steers

2.1 The Scrutiny Committee had an opportunity to consider and comment on the draft Adult Social Care policy steers at its September meeting. The final policy steers are listed on page 4 of appendix 1 to the Cabinet report.

3. Update on Reconciling Policy and Resources

3.1 Appendix 2 of the Cabinet report outlines the latest position in relation to financial and policy issues. Pages of particular relevance to this committee are:

- Summary of pressures and cash increases – annex A & B
- Commentary by the Director of Adult Social care – annex C
- Capital payments, revised estimates for mid term review – appendix 3

3.2 At the September meeting the Committee agree to set up a Scrutiny Board to be empowered to act on behalf of the Committee with regard to future input into the Reconciling Policy and Resources process this year. It will meet on 18 December 2006, and again in January 2007, and will comprise of all Members of the Committee who wish to attend.

Cheryl Miller, Chief Executive
on behalf of all Chief Officers

Contact Officers:
Sean Nolan, Deputy Chief Executive and Director of Corporate Resources: 01273 481412
Becky Shaw, Director of Policy Management and Communications: 01273 481950

Local Members: All

Agenda Item

Report to:	**Cabinet**
Date:	**15 November 2006**
By:	**Chief Executive and Chief Officers**
Subject:	**Reconciling Policy and Resources**
Purpose of report:	**To enable Cabinet to consider the amended Policy Steers and the latest position on financial and policy issues**

RECOMMENDATIONS

The Cabinet is recommended to:

1. **recommend County Council to agree the amended policy steers set out in appendix 1 of the report; and**
2. **note the remainder of the report**

1. Financial Implications

1.1 This report is part of the process of developing the budget to be agreed by Council in February 2007.

2. Background

2.1 In August Cabinet agreed the detailed Reconciling Policy and Resources architecture and considered the national and local policy, financial and performance context for 2007/08 and beyond. Since then Lead Members and Chief Officers have been considering (in consultation with Scrutiny Committees) amendments to the Policy Steers in the light of developments since they were set by the County Council. Work is also well underway considering the implications for services of the savings targets which were set by the County Council in February 2006, as part of the three year planning process.

3. Policy Steers

3.1 Lead Members and Chief Officers have been considering, in consultation with staff and Scrutiny Committees, any changes which it would be helpful to make to the current policy steers. New policy steers for consideration by County Council are contained at Appendix 1. Proposed changes, in the main, aim to ensure that the steers set clearly and succinctly the Council's current policy aims, to both the public and staff. The steers will form the basis of the three year service plans and the Council Plan.

3.2 Consultation is also being carried out on the Council's overall vision. This will be the subject of a report to the next Cabinet meeting.

4. Financial Overview

4.1 Appendix 2 provides an update on the national financial position, the Council's financial position for the next three years, and strategic risks. It also contains commentaries by Chief Officers on their emerging Service and savings strategies, including revenue, income, capital and invest to save resources.

5. National Policy Context

5.1 The national policy in which the County Council was formulating its plans was reviewed as part of the "State of the County Report" to Cabinet in August. Since then the local government white paper "Strong and prosperous communities – The Local Government White Paper" has been published.

5.2 The key proposals in the White Paper are:

- **A new performance framework** that will cut the number of national performance indicators to 200, and targets to 35 (plus 18 Statutory DfES targets, Youth Offending Team Targets and any other statutory targets in other Acts). The Comprehensive Performance Assessments (CPA) will be replaced with new assessment arrangements with a reduced and risk-based role for inspection.
- **An enhanced role for councils as strategic leaders and place-shapers** through stronger Local Strategic Partnerships and next-generation Local Area Agreements (LAAs) with wider scope and importance, and a duty to co-operate between councils and local partners.
- **Stronger cities, strategic regions,** reforming Passenger Transport Authorities and the development of LAAs in to sub-regional Multi-Area Agreements
- **Stronger political leadership** by requiring all councils to opt for a directly-elected mayor, directly-elected executive or indirectly-elected leader for a four-year term.
- **An invitation** to councils in shire areas to bid for unitary status or enhanced two-tier working.
- **A strengthened role for front-line councillors** including powers to respond to "Community Calls for Action" on local issues and greater freedom to speak up on planning and licensing issues affecting their wards.
- **A wider and stronger role for scrutiny** including the power to require evidence from all local service providers and a duty on them to have regard to scrutiny recommendations.
- **Devolution** of powers, including removing the requirement for Secretary of State's consent to bye-laws and creation of parish councils.
- **Community cohesion** – councils encouraged to put integration and cohesion at the heart of community strategies and LAAs.

5.3 The Council will need to consider the implications of the White Paper as the detail of the proposals emerge. At this stage there is nothing that suggests the need to consider a new strategic direction for the County Council next year.

6. Next Steps

6.1 The Reconciling Policy and Resources process is progressing as detailed in the architecture agreed in August. Consultation with partners and residents is underway and will be reported to future meetings. Arrangements for Scrutiny Committees' input have also been agreed. An appropriate communication strategy is also in place.

Cheryl Miller

Chief Executive
on behalf of all Chief Officers

Contact Officers
Sean Nolan, Deputy Chief Executive and Director of Corporate Resources: 01273 481412
Becky Shaw, Director of Policy Management and Communications: 01273 481950

Appendix 1

Draft POLICY STEERS 2007/08 onward

Pride of Place - The East Sussex County Council Commitments

We will be a modern, efficient, accountable authority leading work with partners to deliver to all our customers and communities:

- *increased prosperity and security for East Sussex*
- *affordable, quality core services at lowest possible council tax*

We will make a positive difference to local people's lives by making best use of resources, being clear about the choices involved and encouraging local communities to thrive.

Please note consultation on this wording is still under way and any revision will be proposed in late November

This vision for the whole authority is supported by policy steers for each portfolio:

Strategic Management and Economic Development (Cllr Jones)

Strategic Economic Development (Cllrs Jones and Radford-Kirby)

- Raise the prosperity of East Sussex through improved work force skills, enterprise creation, access to funding and increased investment in infrastructure.

(also see policy steers marked with a double asterisk in other portfolios which have significant economic development impact)

Strategic Management

- Create sustainable communities by providing strategic leadership, empowering people, delivering locally and making sure the three tiers of local authorities in East Sussex work together effectively
- Support the delivery of the Council's policy steers through effective policy development and performance management
- Further improve the quality of services through effective scrutiny and legal support for members
- Provide a consistently high quality Personnel and Training service, recruiting, retaining and developing the highest quality staff to their full potential in order to achieve the Council's objectives
- Continue to improve equity and equality of opportunity for all through our service delivery and as an employer
- Improve the County Council's reputation by explaining our policies and decisions clearly and ensuring consistent information and messages using the full range of communication methods
- Involve local communities by ensuring residents have well informed expectations and their views about services, policies and priorities are taken into account.

- Maintain an effective emergency planning service

Corporate Resources (Cllr. Reid)

Policy and Finance

- Deliver the lowest level of council tax consistent with the Council's core priorities in line with the Council's policy steers

- Maintain and improve high standards of resources management across the County Council through:
    - Reconciling Policy and Resources;
    - High quality financial management and control, including the pursuit of "Excellence in Financial Management" ;
    - Maximising appropriate and fair local income generation opportunities;
    - Integrated and effective medium term planning;
    - Proactive management of outsourced services contracts;
    - Full involvement of scrutiny;
    - Effective consultation and communication with residents and partners.

- Maintain and improve high standards of governance, internal control and risk management

- Drive, in partnership, improvements in efficiency, productivity and procurement to maximise value for money

- Manage risk and uncertainties in future resourcing through realistic planning and maximising lobbying and influencing opportunities for a fairer grant settlement for ESCC.

Effective Property Management

- Maximise the efficiency of the property portfolio on behalf of the council through:
    - Effective asset management covering, utilization, maintenance, accessibility and disposals;
    - Effective county-wide capital planning linked to the property necessary to deliver service priorities;
    - Provision of office accommodation better suited to service delivery including modern ways of working, and new HQ possibilities;**
    - Effective energy management as a contribution to addressing global warming.

***policy steer guiding project with significant economic development impact*

Community Services (Cllr Tidy)

E-Government

- Deliver further efficiencies in service delivery
- Provide better tools for front line staff
- Ensure full use and benefit is obtained from our network of Community Help Points and Access Point Kiosks
- Improve telephone access to Council services by centralising telephone enquiry handling in our customers' priority areas
- Support and develop the work of the East Sussex E-Government Partnership (Access East Sussex) to delivery further efficiencies in service delivery across local public sector organisational boundaries.
- Deliver the corporate Next Generation Network, combining voice and data technology.

Community Partnerships

- Work ,through the Safer Communities Steering Group, with partners to keep East Sussex safe, in particular by reducing anti-social behaviour, the harm caused by alcohol, domestic violence and the fear of crime.
- Ensure improving community safety remains a high priority in all our services.
- Provide community leadership to improve residents' quality of life through a strong sustainable community strategy (Pride of Place) and delivery of the Local Area Agreement;
- Improve the way we work with the voluntary and community sector, including promoting volunteering.
- Work with partners to strike a balance between the needs of the settled and Gypsy and Traveller communities

Community Services

- Provide modern Library Services for all, especially older people and rural communities, including providing improved access to council services and learning opportunities.
- Improve skills through a focussed local strategy and learning opportunities for all adults. **
- Promote development of culture and take up of arts opportunities.
- Seek to build a new, externally funded, Historical Resource Centre
- Promote informed, successful businesses in a fair and safe trading environment; encourage informed, confident consumers and protect vulnerable consumers

Adult Social Care – (Cllrs Glazier and Bentley)

- Improve how people access advice, help and support through joint work with partners.
- Develop the assessment and management of people's care that focuses on their individual needs, circumstance and personal preferences, jointly with Health and Housing.
- With Health and Housing improve how we plan and commission services.
- Support more older people and vulnerable adults in their own homes and local community.
- Improve opportunities for vulnerable people to positively with their communities and further encourage participation in local services and activities.
- Involve users, carers and partners in the planning and delivery of services.
- Develop disability and mental health services that ensure the effective transition of young people from children's services to adult social care.
- Lead improvements to the well-being of local communities across East Sussex through joint working with partners.

Children's Services (Cllrs Glazier, Stroude and Simmons)

- Through Children's Trust arrangements, further develop effective engagement and integration with partners and service users.
- Keep children safe by further developing safeguarding arrangements.
- Further develop family support services and continue to improve prevention and early intervention in order to maximize life chances of children and young people.
- Continue to raise the educational achievement of children and young people at each key stage.
- Continue to improve the stability, achievement and wellbeing of Looked After Children.
- Continue to improve outcomes for children and young people with special educational needs or disabilities.
- Secure further improvement in the quality of leadership and management of schools.
- Establish effective integrated services for children under five and their families through the creation of a strategic network of Children's Centres, and raise the quality of learning provision at the Foundation Stage.
- Improve access to services for children and young people, including in rural areas, and sustain an effective school place planning function across the County.
- Promote equality and diversity and develop equalities practice across all services.

- Increase participation in a wider range of learning activities through partnerships with and between schools, employers, colleges and other agencies.
- Maintain a Children's Services capital strategy, ensuring alignment with priorities.
- Develop and maintain an effective strategy to support vulnerable teenagers.
- With partners, further develop measures to reduce bullying and anti-social behaviour.
- Further develop arrangements for consulting with service users, and involving children and young people in service development.
- Promote healthy lifestyles, through the promotion of healthy eating and the attainment of the Healthy Care Standard and Healthy Schools' Standard.
- Promote excellence, including further development of opportunities for gifted and talented children and young people.
- Improve youth opportunities in consultation with young people.

Transport and Environment (Cllr Lock)

- Provide less congested and safer roads and footways, with targeted maintenance and improvements, traffic management and parking controls.
- Reduce the number of casualties on our roads and improve the quality of life in our towns and villages.
- With operators and partners further develop sustainable passenger transport solutions to meet the needs of the community and promote their use as an alternative to the car.
- Promote, through the Regional Transport Board and central Government, improved road and rail infrastructure to deliver integrated transport provision and real travel choices including, for example, the Bexhill and Hastings Link Road and Ashford Rail Links.
- Assist in preparation of a Master Plan for the Eastbourne and Hailsham area.**
- Promote the protection and enhancement of the natural and built environment, encourage access to the countryside, and in particular work with partners to develop the Pebsham Countryside Park.
- Manage household waste growth through the Reduce, Re-use, Recycle campaign and develop new waste facilities that will cater safely for household waste.
- Plan for the development of the County taking full account of the essential links between development and infrastructure.

***policy steer guiding project with significant economic development impact*

Update on Reconciling Policy and Resources

Recap

1. Cabinet have agreed the following council tax 'trajectory':

Council Tax Increase (%)

2006/07	2007/08	2008/09	2009/10
4.7%	4.3%	3.9%	3.5%

and the following 'differential' cash increases going forward.

	% cash increases – year on year		
	07/08	08/09	09/10
Adult Social Care	5.5%	5.0%	5.0%
Children's	1.9%	1.7%	1.7%
Highways	1.5%	1.0%	1.0%
Libraries	1.5%	1.0%	1.0%
Building Maintenance	1.0%	0.5%	0.5%
Waste PFI	2.5%	2.5%	2.5%
All other areas	0.0%	0.0%	0.0%

2. The focus of this round of Reconciling Policy and Resources is medium term planning and in particular living within the respective cash limits set by focusing on: revising the service offer, productivity and efficiency and customer focus. Inevitably, difficult decisions will be required. Overall, this is challenging for all colleagues. This is partly because the cash limits imply difficult decisions but also the focus on 3 year planning makes it a more complicated task than in previous years. All colleagues are working on the problem but we now need to really focus efforts to meet key milestone dates.

Progress and Issues Todate

Policy Steers

3. As dealt with elsewhere, all portfolios were required to review policy steers including discussions with the relevant scrutiny to guide decisions over the coming 3 years. (The focus on income generation has now been included in the Deputy Leader's steers as part of Reconciling Policy and Resources).

Spending Pressures

4. In the context of cash limits now set, portfolios are required to identify the pressures (be they commitments, growth, demands of new legislation etc), <u>that they feel</u> they need to be absorbed within the cash limit set.

5. This exercise is not yet finished by all portfolios – but on the basis of the current assessment the position is as follows:

	07/08		08/09		09/10	
	£m	**%**	**£m**	**%**	**£m**	**%**
February 06 – Pressures	12.8	5.4	12.6	5.2	12.8	5.1
October 06 – Pressures	18.3	7.7	14.3	5.8	13.6	5.4
Increase	5.5		1.7		0.8	

6. The corresponding change in overall savings requirements is as follows:

	Savings Required		
	07/08	**08/09**	**09/10**
As per February – 06	4.6	5.0	4.9
As per October – 06	10.1	6.7	5.7
Increase	5.5	1.7	0.8

7. The 'February 06 pressures' relates to the 'standstill pressures' identified when the cash limit was set and were in line with the trend over previous years. The increased pressures identified by departments would be equivalent to an <u>extra</u> 3% on council tax in 2007/08 and is clearly unsustainable/unacceptable. That said, while portfolios are identifying significant pressures, prioritisation will be crucial as it results in even higher savings required to meet the portfolio cash limits.

8. A more detailed presentation is set out in Annex B and C. The current 'portfolio assessed' higher spending pressures total (and hence increase compared to 'February – 06') relates to the following key areas for 2007/08:

	Portfolio Assessed Pressures (2007/08)		
	As Per October 06		**Increase on February 06**
	£m	**%**	**£m**
Children's	5.6	10.5	3.3
T&E	1.4	5.1	0.8
ASC	9.8	8.4	0.9
All Others	1.5	3.7	0.5
	18.3	7.7	5.5

9. The position for the following two years of 2008/09 and 2009/10 is much closer to original projections. Departments continue to work on the medium term position but particularly in respect of Children's and Adult Social Care.

Excess Inflation

10. As part of the increased pressures being advised by portfolios, a significant increase in excess inflation is being reported. The medium term plan allows for a separate corporate provision of some £0.6m per annum to meet excess inflation, particularly as regards: Home to School Transport; Passenger Transport; Highways Maintenance; and Building Maintenance. This has proved broadly sufficient over recent years. Going forward, the departmental assessment is significantly higher especially in respect of home to school transport.

	Excess Inflation (£m)		
	07/08	**08/09**	**09/10**
Passenger Transport	0.1	0.1	0.1
Highways	0.3	0.3	0.3
Building Maintenance	0.2	0.3	0.3
School Transport	1.4	1.0	1.1
	2.0	1.7	1.8

11. These totals form part of the increased pressures reported by departments. There are other excess inflation pressures reported for other areas (e.g. street lighting in 2008/09) but the practice in recent years has been to focus any corporate excess inflation provisions on the 4 areas listed above.

12. More work is needed to refine the figures but the most worrying relates to Home to School Transport where the excess inflation (on top of simple inflation) would imply total year on year cost growth of some 11% for 2007/08 and the medium term. For 2006/07, figures of a similar scale have also been reported leading, in part, to the overspend pressures being reported by the Children's department for the current year. (The Director of Transport and Environment and the Director of Children's Services are producing a joint position statement on the issues). The position in respect of building maintenance is also a concern reflecting wider factors (e.g. impact of Olympics) and this will undoubtedly also impact on the capital programme.

13. Notwithstanding excess inflation changes, in the absence of additional flexibility, we will have to manage and plan within the cash limits set and the corporate provision allowed for. This will have significant implications for the portfolios concerned.

Progress on Portfolio – Service and Savings Strategies

14. A commentary from each portfolio is set out at Annex C. This is high level at this stage.

Progress on 3 year Planning

15. This is a complicated task but in short, and in general, portfolio progress is mixed and more progress is required – in particular portfolios will need to identify the internal cash limits for their detailed service areas consistent with the portfolio cash limits already set for the 3 years to 2009/10.

Key Short Term Milestones

16. Portfolios will need to focus on key outputs required over the coming weeks. The following will be crucial:

    <u>12 December – Cabinet</u> – Detailed savings proposals per portfolio for 2007/08 as well as indicative cash limits within portfolio for the 3 years..

    It remains crucial that portfolios consult and engage early with their relevant stakeholders (including scrutiny) in respect of service changes and savings proposals being considered, within their portfolio responsibilities.

National Changes

17. There is little new to report over and above the previous report to Cabinet. Confirmation of the grant settlement for 2007/08 is expected at the end of November.

Conclusions

18. The task is challenging and complicated. The Reconciling Policy and Resources process provides the core mechanism and a lot of work is going on within portfolios but more focused work is now required by all portfolios. Savings requirements are becoming even more difficult but the cash limits have to be respected – not least to deliver a coherent route to the desired council tax agenda. Maximising productivity and efficiency will be important but more importantly all portfolios will need to continue work on the revisions in the 'service offer' which minimise the savings impact on the core customer/client outcomes being sought. Difficult decisions will, however, be unavoidable.

19. All portfolios are being asked to consider links to their capital bids and one-off funds where that would be helpful. In respect of capital, however, the caveat remains that there is an 'excess of ambition' to be managed as well as some key issues such as the link road.

20. Key risks remain in respect of accommodating highly volatile pressures within the cash limits set as well as the impact of excess inflation. Over the medium to long term, rising costs of social care and waste disposal remain the most significant strategic financial risks. Alongside this, in terms of resources, must go future potential changes in specific grants which would be over and above the challenges described above.

S J Nolan
Deputy Chief Executive and Director of Corporate Resources

Summary Of Pressures and cash increases as at Feb 06 and Oct 06. **Annex A**

		07/08				08/09				09/10		
		Pressures	Cash Increase	Savings		Pressures	Cash Increase	Savings		Pressures	Cash Increase	Savings
CEX												
Feb-06	2.7%	417	96	**321**	2.7%	412	65	**347**	2.7%	412	65	**347**
Oct-06	1.3%	222		**222**	0.6%	42		**42**				**0**
	4.0%	639	96	**543**	3.3%	454	65	**389**	2.7%	412	65	**347**
CRD				**0**				**0**				**0**
Feb-06	2.7%	260	42	**218**	2.6%	256	21	**235**	2.6%	256	21	**235**
Oct-06	2.2%	213		**213**	2.6%	255		**255**	2.6%	255		**255**
	4.9%	473	42	**431**	5.2%	511	21	**490**	5.2%	511	21	**490**
Childrens				**0**				**0**				**0**
Feb-06	4.0%	2273	1010	**1263**	4.0%	2032	921	**1111**	4.0%	2032	937	**1095**
Oct-06	6.5%	3271		**3271**	0.7%	490		**490**	0.9%	575		**575**
	10.5%	5544	1010	**4534**	4.7%	2522	921	**1601**	4.9%	2607	937	**1670**
ASC				**0**				**0**				**0**
Feb-06	7.6%	8930	6426	**2504**	7.5%	8774	6163	**2611**	7.6%	8974	6472	**2502**
Oct-06	0.8%	881		**881**	0.1%	115		**115**	-0.8%	-1087		**-1087**
	8.4%	9811	6426	**3385**	7.6%	8889	6163	**2726**	6.8%	7887	6472	**1415**
T+E				**0**				**0**				**0**
Feb-06	2.2%	615	237	**378**	3.0%	828	160	**668**	3.0%	828	163	**665**
Oct-06	2.9%	839		**839**	2.4%	719		**719**	3.2%	1001		**1001**
	5.1%	1454	237	**1217**	5.4%	1547	160	**1387**	6.2%	1829	163	**1666**
Waste				**0**				**0**				**0**
Feb-06	2.0%	275	265	**10**	2.6%	345	310	**35**	2.6%	345	318	**27**
Oct-06	0.1%	9		**9**				**0**				**0**
	2.1%	284	265	**19**	2.6%	345	310	**35**	2.6%	345	318	**27**
Totals												
Feb-06	5.4%	12770	8076	**4694**	5.2%	12647	7640	**5007**	5.1%	12847	7976	**4871**
Oct-06	2.3%	5435	0	**5435**	0.7%	1621	0	**1621**	0.3%	744	0	**744**
	7.7%	18205	8076	**10129**	5.8%	14268	7640	**6628**	5.4%	13591	7976	**5615**

Portfolio Assessed Spending Pressures (£m) - as at October 2006

Annex B

	Budget 2006/07	Pressures 07/08	08/09	09/10	
Transport and Environment (excl Waste)					
Normal Inflation		0.8	0.7	0.7	
Excess Inflation					
• Roads maintenance		0.3	0.3	0.3	
• Street lighting energy			0.3	0.4	
• Passenger transport		0.1	0.1	0.1	
Maintenance cost of new LTP investment		0.1	0.1	0.1	
Other		0.1		0.2	
	27.6	1.4	1.5	1.8	
		5.1%	5.4%	6.5%	
Children's					
Normal Inflation		1.5	1.5	1.5	
Excess Inflation					
• Home to School Transport		1.5	1.0	1.1	
Children's Disability Services		0.2			
Looked after children		0.8			
Locality Children's Services		0.2			
Repayment of 2006/07 overspend		0.7			
Other		0.7			
	53.2	5.6	2.5	2.6	
		10.5%	4.7%	4.9%	
Adult Social Care					
Normal Inflation		3.1	3.3	3.3	
Excess Inflation					
• Purchased care		0.6	0.6	0.6	
Grant changes		0.8	2.5	1.0	
New care packages (and full year effects)		3.0	1.9	2.3	
Agewell Procurement costs		0.3			
Reinstatement of 06/07 savings					
• Carers Grant		0.2			
• Residential Staffing		0.4			
Other		1.4	0.6	0.7	
	116.8	9.8	8.9	7.9	
		8.4%	7.6%	6.8%	
Chief Executive					
Normal Inflation		0.4	0.4	0.4	
Excess Inflation					
• Coroners, energy		0.1			
Members Budget, Libraries and other areas		0.1	0.1		
	15.1	0.6	0.5	0.4	
		4.0%	3.3%	2.6%	
Corporate Resources					
Normal Inflation		0.3	0.3	0.3	
Excess Inflation					
• Building Maintenance		0.2	0.3	0.3	
Travellers		0.1			
	9.8	0.6	0.6	0.6	
		6.1%	6.1%	6.1%	
Waste					
Normal Inflation		0.3	0.3	0.3	
Excess Inflation					
	13.8	0.3	0.3	0.3	
		2.2%	2.2%	2.2%	
Totals					
Transport and Environment		1.4	1.5	1.8	
Children's		5.6	2.5	2.6	
Adult Social Care		9.8	8.9	7.9	
Chief Executive's		0.6	0.5	0.4	
Corporate Resources		0.6	0.6	0.6	
Waste/(rounding)		0.3	0.3	0.3	
	236.3	18.3	14.3	13.6	ok
		7.7%	6.1%	5.8%	
'Excess Inflation' element in above					
Transport and Environment		0.4	0.7	0.8	
Children's		1.5	1.0	1.1	
Adult Social Care		0.6	0.6	0.6	
Chief Executive's		0.1	0.0	0.0	
Corporate Resources		0.2	0.3	0.3	
Waste		0.0	0.0	0.0	
		2.8	2.6	2.8	

Commentary by Director of Adult Social Care

	2007/08 £'000	2008/09 £'000	2009/10 £'000
Service Budget Cash Limit	**123,268**	**129,431**	**135,903**
Budget Increase	**6,426**	**6,163**	**6,472**
Unavoidable Spending Commitments			
Inflation	3,096	3,254	3,254
Excess Inflation	609	598	631
Demand	3,014	1,922	2,239
Reduction in Specific Government Grants	759	2,507	1,055
Mount Denys – end of PCT funding	80	0	0
Agewell PFI Project	324	0	0
Carers Grant reinstated	170	80	100
Computer Hardware and Software	207	49	0
Older Peoples' Services pressures	33	159	58
Physical Disability pressures	0	100	100
Learning Disability pressures	639	200	450
Mental Health pressures	115	45	0
Other Adult pressures	315	(25)	0
Adjustment for one off funding	450	0	0
	9,811	**8,889**	**7,887**
Less: Efficiency Savings			
Business Transformation Staffing	(665)	(133)	0
Business Transformation Procurement	(1,000)	(150)	0
Fairer Charging Income	(68)	(14)	0
DPS Service Reviews	(300)	(300)	0
Other Savings	(119)	(16)	0
	(2,152)	**(613)**	**0**
Less:			
Savings to be identified	(313)	(1,976)	(2,704)
Service pressures to be funded	(920)	(137)	1,289
Current Funding Gap	**(1,233)**	**(2,113)**	**(1,415)**
Budget Increase	**6,426**	**6,163**	**6,472**
Note:			
Non cashable savings identified	700	700	700

Service Strategy

Key elements remain:

- Development of commissioning strategies, based on need and available resources that define our offer to the local community.
- Improvement in critical performance indicators.
- Shift from bed based to community services.

- Improved efficiency in business systems and productivity through reducing unit costs.

Efficiency and productivity

Savings to date:

- Business Transformation savings £1.7m in 2007/8 and £2m from 2008/9 from back office, increased income and better procurement of older peoples services.
- Assessment service improved with no additional staff – aim to reduce costs but still improve against key performance indicators – see appendix.

Containment of pressures/managing risk:

- Defer additional investment to improve carers services
- Adult protection
- ICES demand
- Health funding withdrawal

Further savings planned for 2007/08:

- Review of directly provided services with potential closure of existing units and reprovision to independent and voluntary sector.
- Pass on a range of efficiency targets to the voluntary sector.
- Further review of specialist services – better procurement and potential to develop in house services where this is more cost effective.

Further savings in future years:

- Direct service reviews to disinvest from bed based care into home care for Older People.
- LD service reviews with potential to develop alternative more cost effective units.
- Transitions Policy – only make residential placements in childhood if sustainable into adulthood.
- Review of responsibility for funding Intermediate Care and Continuing Health Care with PCTs.
- Evaluate impact of POPP, Telecare and other preventative services.

In the longer term (years 3 to 5) to:

- Explore options for shared back office systems and commissioning services.
- Further improvements in commissioning and procurement
- Integrated provision with statutory partners

Commentary by Chief Executive

1. As part of the overall proposals to achieve the Council Tax trajectory over the next three years, the department has been set a cash standstill position (i.e. 0% increase) for the next three years, with the exception of Libraries which has a cash increase of 1.5% in 2007/08 and 1% for the succeeding two years. The cash equivalent of standstill is £1.015m.

2. In addition to the cash standstill position, the department has identified a small but financially significant number of cost pressures that will be incurred in order to 'standstill' at the current service offer. These amount to £204,000 in 07/08 and a further £52,000 in 08/09 and include:

- NHS Mortuary costs for HM Coroner £69,000.
- Lease and Rent cost in Library and Archive services £58,000 (of which £10,000 in 08/09).
- Energy costs in Libraries £23,000.
- Additional Member allowances and LGPS contributions £64,000.
- Early Years BookStart initiative in Libraries £42,000 (from 08/09 onwards).

3. In delivering previous years' RP&R targets, the department has prioritised between its two portfolios; Strategic Management and Community Services. The Community Services portfolio contains outward facing, direct public services and over the period 2004/05 to 2006/07 (excluding Libraries which came to the department with its own savings target in 06/07) prioritisation has mitigated the savings delivered through this portfolio. As a result more than 80% of the savings over this period have come from the Strategic Management portfolio.

4. In developing proposals for the next three years the department is seeking to continue the prioritisation of savings across the portfolios, though the degree of protection may not be in the same proportions. Some of the proposals will be very challenging to achieve given the scale of prioritisation that has already taken place.

5. Some of the pressures in para 2 above are specific to Libraries and it may be the case that consuming these pressures within the specific Libraries cash limit cannot be avoided. This would require further service prioritisation.

6. In a number of areas, achievement of the cash limit is dependent upon two key themes: income generation (for traded services and areas where there is discretion in the level of charge for services provided to the public) and changes to staff structures. Both carry risks: of non-achievement (of income) and to the effective delivery of services, both internally and to the public (staff structures).

7. In order to maintain the portfolio prioritisation the department will also be specifically targeting the use of unspent non-earmarked resources in the

current year to carry-forward and mitigate the impact over the three year cycle.

8. Even with portfolio prioritisation, the impact of proposals on measurable targets and external assessments such as future CPA, particularly those that are within the Community Services portfolio, will need to be carefully managed to avoid any slippage against current thresholds/performance levels.

9. The department continues to seek productivity and efficiency gains and will be considering a number of areas including: Library storage costs; self-issuing book/audio visual loans; delivery of hosted partnership arrangements; commitments to re-visit the outcome and delivery of corporate reviews; continuation of achievements in reducing absence levels; e-recruitment proposals.

Commentary by the Director of Children's Services

The Schools Budget is 100% funded from the Dedicated Schools Grant and depends entirely on the amount of grant allocated for 2007/08. This will be calculated on the basis of £3,831 per pupil for the numbers in the January 2007 headcount. An additional factor of the DSG mechanism is the extended ring-fencing of the central part of the DSG which has led to greatly reduced flexibility to achieve savings and therefore greater pressure on the CSA budget. The following table sets out the estimated increase in resources over 2006/07 and commitments against this sum.

Table 1 – Estimated resources and commitments 2007/08:

	£'000
Estimated increase in Dedicated Schools Grant compared to 2006/07 budgeted level	**10,115**
Commitments	
Pay and price increases	6,880
Additional funding to meet schools minimum funding guarantee	1,600
School roll variations, revenue effects of the capital programme	(1,100)
Increase in DSG for personalised learning and practical learning options	1,330
Repayment of 2006/07 DSG over estimate net of 2006/07 underspending	650
Total commitments	**9,360**
Balance available for other pressures – new headroom	755

There are a number of high priority pressures on the School's budget some of which result from extended statutory duties such as the Home Tuition Service, Early years and Children's Centres, and other pressures from changes to the school population such as teacher redundancy costs resulting from falling rolls. Current estimates suggest that the pressures are significantly in excess of the additional funding available. As all pressures cannot be funded options are being explored which would impact on such services as Inclusion support and Anti-bullying.

CSA Budget 2007/08-2009/10

The position on the CSA Budget is significantly more difficult. In addition to the target savings figures set in the medium tem financial plan (£1.2m) there are a substantial number of high priority service (£1.2m) and excess inflation (£1.5m) pressures. By far the most significant element of the excess inflation is the projected increased cost in HTST of £1.4m in 2007/8, and future years' increases are expected to be similar. These pressures, on current planning guidelines, are required to be met from further savings making an overall target of £3.9m.

In addition substantial budget pressures being experienced in 2006/07, if they lead to an overspend in current financial year, in spite of efforts to take management action, will add to the savings target for 2007/8. The planning assumption being that £0.6m overspend in 2006/07 will need to be recovered in 2007/08.

Three-year Strategy

A key strand of the 3-year strategy is to refocus resources on preventative services, by increasing access to improved universal services to support families and therefore over time reduce dependence on high-cost acute targeted services. This will be achieved through whole system reforms such as the Common Assessment Framework (CAF), Children's Index, Children's Centres and Extended Schools, Local Partnerships for Children, as well as more holistic support services for families with vulnerable children such as Family substance misuse service, and Domestic violence service. In support of the strategy there will also be a continuing focus on "Invest to save" initiatives. CSD will continue to prioritise and focus on core and statutory services, particularly those relating to "Staying Safe" outcome.

A major component in addressing the ECM agenda within East Sussex is the development of more integrated delivery of services (including partner agencies). Overtime the strategy should yield reduced overheads and management costs through economies of scale and thinning out of management structures.

Development of Joint Commissioning strategies with Children's Trust Partners will achieve better value through procurement and streamline existing or newly developed services.

It will be necessary to identify mitigating savings and target service and budget reductions at areas with "compensating" government grant or alternative revenue streams (e.g. Children's Centres/Surestart, Connexions/Youth Matters, Standards Fund).
CSD will also look to maximise allowable central expenditure on DSG/Schools budget in order to reduce pressure on CSA budget. However, this can only be achieved by brokering a "New Deal" with schools which recognises the effect, on the CSA, of ring-fenced DSG which receives guaranteed cash increases.

A number of cross departmental initiatives are planned which will support improvements in productivity and efficiency, these include; a reduction in support staffing (e.g. Administrative and secretarial support to managers), consolidation of accommodation and IT, and procurement and contract improvements in price and performance. There will be a continued focus on income generation, for instance exploring opportunities to sell services to other Authorities such as foster places or service to vulnerable children. Proportionate efficiencies will also be sought from SLAs with central departments.

Savings Strategy

Given the significant gap from the cash limit after accounting for pressures identified a number of significant service reduction are under consideration in order to achieve the financial cash limits set. These considerations include:

- Accelerate plans for service integration in East and West Area structures and reduce management posts in Learning and School Effectiveness and Children and Families Divisions. Bringing together pieces of work in a more integrated way that were previously disparate.

- Within the Children and Families division a range of significant reductions in relation to Youth Development Service, Youth Offending Team, Agency respite budget, Family resource centres, some services to looked after children and locality services.

- Reduction in level of service, numbers of children and families supported by the Play Development Service

- Change balance of funding from CSA and some Central government grants including General Sure Start Grant and Extended Schools Standards fund. This will have a direct impact on reducing the amount of funding which is directly influenced by individual Children's Centre and LPCs. For extended schools, this will reduce the support schools are currently expecting to enable the LPCs to develop and establish extended schools services.

- Reduction in Education Welfare Service to meet only minimum statutory standards.

- Some efficiency may be achieved through negotiation of contract extension for School Improvement Service. This will involve reductions in levels of support to schools causing concern, raising standards in underachieving and coasting schools, leadership and management development, support for gifted and talented pupils and as such this is high risk prior to JAR and at a time when we need to accelerate progress on raising standards

- Changes in policy for discretionary Home to School transport could provide savings from 2008/9 and this is currently under consideration in the Executive Corporate Review of transport across the County Council.

Commentary by the Deputy Chief Executive & Director of Corporate Resources

Financial Context and Pressures (including ICT)

1. The net budget is £9.9m, including ICT, of which £4.2m relates to building maintenance. Excluding ICT the portfolio net budget is £7.1m.

2. The Directorate has delivered an average of 5% per year savings from standstill in the past. Going forward, other than a 0.5% p.a. increase in building maintenance, the directorate has to live with a cash freeze over the next 3 years.

3. The Directorate's record and reputation is good but we know there are areas to improve (e.g. capital slippage etc).

4. Ironically, (to say the least) much of what we do better benefits other departments not CRD (e.g. office hub efficiencies, treasury management efficiencies etc).

5. We have taken a 'ruthless' approach to future pressures to absorb beyond simple inflation i.e:

	07/08	**08/09**	**09/10**
Simple Inflation	260	260	260
Excess Inflation (Building Maintenance)	250	250	250
Travellers	63		
	573	510	510

6. There are other pressures which managers have to simply absorb or ignore within each individual section (A significant ICT related pressure of some £250k for 07/08 in respect of business continuity/planning will be the subject of separate one-off bids).

Service Strategy Over the Next 3 Years

7. The last five years has seen various reorganisations and reconfigurations to put in place the right sort of core skills and capacity to deliver the necessary performance. In 3 years time we will still need to show excellence in financial management and financial control. In respect of property, delivery of the capital and maintenance projects will remain crucial. Delivery of an effective estates and asset management planning function will also be important. 'Discretionary' areas are basically limited to "corporate procurement" and "energy/carbon management" – it would be foolish and counter-productive to reduce these areas.

8. In respect of ICT, the aim will be to continue to exploit potential to: improve access; deliver efficiencies; and provide more effective 'tools' for front line staff. Key priorities over the three years must include protecting the core

infrastructure including more focus on disaster recovery, but also the delivery of the Next Generation Network. Resource will be 'sized' to the actual demands/projects placed on ICT.

9. The legacy of previous out-sourcing means necessary specialisation is limited to often just one person in-house (e.g. payroll, pensions, VAT etc). In short, there is no simple out-sourcing or partnering opportunity. Certain key control areas are at high performing but 'minimum' capacity (e.g. Internal Audit and Treasury Management).

Shape of Savings Strategy

10. In short, we must focus on protecting core capacity, cut back/reduce development budgets, maximise income generation and pursue all available cost reduction opportunities.

11. More specifically:

- Building Maintenance will receive the 0.5% increase but will have to absorb the consequences of excess inflation not being funded. (Finance and ICT, could not absorb such a sum over 3 years). However the aim will be to seek to partially mitigate by maximising partnering, framework, regional consortium arrangements etc;

- Reduce ICT development budget to 'soften' impact on rest of finance and ICT;

- Across the board efficiency savings. This will mean team by team views of staffing structures etc. It also means looking at administrative processes. We will build upon the CBOSS/SAP platform but there will be redundancies;

- Maximise income generation; and

- Pursue 'shared services' opportunities but proper business cases showing demonstrable financial benefit will be needed.

12. The consequences will be increased intensity (and pressure on staff) and reduced flexibility. – Whilst indirect effects these are no less real. Absorbing excess inflation within building maintenance will inevitably impact on backlog issues but the planned gains from the office hubs model will partially mitigate some of the impact.

Commentary by Director of Transport & Environment

1. Introduction

1.1 The cash limits for T&E present real challenges in terms of shaping service delivery over the three year period to 2009/10 and significant reductions are unavoidable. It is essential that we're clear about what we can and can no longer deliver as well as being mindful of public expectations particularly in relation to new government guidelines.

1.2 Once unavoidable pressures, including simple and excess inflation, have been taken into account, the department is looking at total savings in the order of £4m over the three year period. The development of service plans which reflect detailed budgets, targets, milestones and risks to achieve the desired outcomes, within the set cash limits, is continuing.

2. Service Strategy

2.1 While a reduction in some services is unavoidable, the department is committed to improving its customer focus and in particular attitude towards customer care. The delivery of the highways service can have a significant impact on residents' perceptions about the council as a whole and new initiatives such as the Considerate Contractor scheme is being implemented to improve those perceptions as far as possible. In addition, I will be exploring extension of the contact centre approach, which has been so successful in the Highways service, to other areas of the department where it is best suited. In shaping services for the future, much attention has been given to those services most valued by our customers and to the protection, as much as possible, of front line services.

2.2 The overarching theme of the service strategy is a focus on maintaining the assets that are already in our care rather than expansion or creation of new ones. To that end a greater proportion of the capital programme allocation for this department will be geared towards maintenance of highways, pavements and street lights and a reduced proportion (and allocation) for new schemes. The total overall resource package available for highways maintenance is likely, however, to reduce and savings will need to be made which will undoubtedly have an impact on asset condition and the level of maintenance backlog.

2.3 This approach will, in turn, reduce the staffing resource required to develop new schemes as well as reducing the maintenance liability associated with them. It will also impact on the size of the package which can be spent with our road maintenance contractor where we are only into the second of a seven year agreement which has kept unit rates a low as can be achieved. It must also be appreciated that this strategy will affect our ability to achieve targets set out in the Local Transport Plan (LTP) and consequently will have a possible adverse effect on the overall Council Comprehensive Performance Assessment (CPA) Score.

2.4 The approach to maintaining assets extends to the Environment Service where additional funding is being directed to maintain key countryside sites and a continued focus and priority given to maintaining Rights of Way and the bridges which they cross. Other, more developmental activities, such as the creation of a Pebsham Countryside Park and extension of the National Cycle Network, remain ambitions and these will become increasingly reliant on external funding (e.g. Interreg) in order to deliver against them.

Savings in this area will limit the availability of ‘match’ funding which will in turn limit our ability to draw down such funds.

2.5 Implementation of Government guidelines in relation to speed limits is a priority for this department, the Council and its residents. It must be recognised though that the investment required, estimated to be in excess of £2m, to achieve this cannot be funded from revenue streams. Every effort will be made to secure alternative funding, including for example locally sourced contributions from Parish Councils, to enable this important activity to proceed which would help in delivering our target to reduce casualty numbers.

2.6 There will be an overall reduction in ‘hard’ engineering measures to deliver our road safety targets and more reliance will be placed on ‘soft’ measures including driver training, cycle proficiency and road safety education. It is difficult to demonstrate the precise impact of such measures although nationally it is accepted that the contribution made by soft measures is better value for money and can have a greater effect.

2.7 The planning function will continue to focus on minerals and waste activities including determining and defending key planning decisions which affect the strategic direction of the county. An increased focus will be given, working jointly with other departments, to securing appropriate contributions towards infrastructure needs from developers.

2.8 No major changes are planned to Passenger Transport Services though impacts of earlier decisions will be felt during 2007. The outcome of the Executive Review currently underway is viewed as key in shaping strategy for the future. Further integration will be explored between this department, Children’s Services and Adult Social Care.

2.9 Management of the county’s household waste remains a high priority and the pressure to reduce the rate of waste growth through such initiatives as the Reduce, Re-use, Recycle campaign will be maintained. Attention will be given to the development of an approach to recycling in partnership with the district councils to encourage recycling which compliments the requirements of the contract.

3. Pressures

3.1 As mentioned above, excess inflation on energy, highway maintenance and passenger transport (£2m) has been provided for within savings targets. Adjustment has been made to the predicted increase in maintenance liability arising from LTP schemes as a result of the strategy outlined above and those pressures which are included are now lower than originally predicted.

3.2 A sum of £46,000 has been allowed for maintenance of Countryside sites and fluctuations in the financial commitments likely to arise from planning obligations, challenges and appeals are also reflected. The department will be contributing to the Council’s strategy in relation to Travellers and a sum to support that input is included as a short term pressure in 2007/08 only.

3.3 It has not however been possible to provide for the range of additional reporting requirements in connection with the LTP, nor additional staff resource to respond to coastal and flooding issues. These will be absorbed within existing limited capacity and will no doubt be reflected in the time commitment and level of effort and support which can be focussed on these issues.

3.4 Pressures to improve the 'Public Realm' will only be achieved if funded from existing revenue streams or external contributions from others including Town and Parish Councils. Similarly, implementation of further Real Time Bus Information (RTBI) systems will only be considered if self financing from parking revenues.

3.5 As mentioned above, no additional revenue funding is provided for implementation of speed limits in villages although it is hoped that this can be achieved from alternative sources.

4. Shape of Emerging Savings Strategy

4.1 It is not possible to achieve the level of savings needed over the next three years (£1.2m, £1.4m and £1.7m) without some pain and loss of service. Contributions from income generation and efficiency / productivity opportunities will of course be maximised and it is estimated that additional income in the order of £100,000 per annum can be achieved from new and increased charges for fees and works by the end of 2009/10.

4.2 Savings in staff resources are also expected as structures are reviewed and aligned to match the service offering. By the end of the third year this should achieve in the order of £550,000 per annum.

4.3 More specifically, there will be a reduced capacity to undertake studies to support transport planning and strategy activities as consultancy budgets will be eliminated over time. Savings will be taken from the already limited ICT development budget and reduced contributions to external partners are suggested.

4.4 The strategy to reduce hard engineering measures to achieve casualty reduction targets will mean a reduction in the funds available to respond to public demand for traffic calming measures where it doesn't support a County Council priority for example in relation to a known high accident site.

4.5 Research activities currently carried out as part of the strategic planning function will be reduced over the three year period. Input to the South East Plan development and Local Development Frameworks will, however, be maintained.

4.6 No further savings are suggested from passenger transport services at this stage.