REPORT OF THE CABINET

The Cabinet met on 15 October 2013. Attendance:-

Councillor Glazier (Chair)
Councillors Bennett, Bentley, Chris Dowling, Elkin, Maynard, Simmons and Tidy

1. Council Monitoring Report: Quarter 1 2013/14

1.1 The Cabinet considered a report which set out the Council's position and year end projections for Council Plan targets, Revenue Budget, Capital Programme, Savings Plan and strategic risks at 30 June 2013. Progress against the four strategic priorities is summarised below and a detailed report for each department was provided in the appendices of the report to Cabinet, previously circulated to all Members.

1.2 Although it is early in the year, good progress can already be seen across all our priority areas. For example this quarter we have seen: progress on building the Bexhill Hastings Link Road; the signing of the contract to roll out broadband across the county; the clearing of the backlog in pothole repairs following the severe winter; an increase in the numbers of adults receiving Self Directed Support, supported by, among other things, an increase in the numbers of people using the resources available through East Sussex 1Space; and the granting of planning permission for new library facilities at Newhaven, and the expansion of the Hastings Library premises, which will provide local people with better access to a wide range of services. We are also likely to exceed our target for savings from the consolidation of back office functions, helping to protect front line services. Of the 71 Council Plan targets 63 (89%) are rated green and 8 (11%) are rated amber.

1.3 Overall the Council is projected to be on track to meet its budget and savings targets. At this early stage a revenue overspend of £0.5m (0.1%), is projected. Historically where service overspends have appeared early in the year these have been managed down as the year progresses with management actions being implemented to mitigate overspends. Refined forecasts in later months also reflect increasing confidence levels around delivery of savings as evidence grows showing the impact of actions to deliver the savings.

1.4 The Capital Programme has four years remaining and many schemes and projects will take place over several years. As the projects approved by Members are developed, more accurate profiling is taking place resulting in £33m being profiled into later years. In the main this relates to five key projects:

- Broadband
- Bexhill Hastings Link Road
- Carefirst replacement
- Hastings Library
- Children's Services Capital Programme

With the new Capital Board arrangements implemented last year, management of the Programme and resources across financial years is continuing to be refined as part of the Reconciling Policy, Performance and Resources (RPPR) process.

1.5 Strategic risks were reported at Appendix 8 of the report to Cabinet previously circulated to all Members. There were no changes to the nature of risks although three areas report a small reduction in risk: Roads, Schools and Welfare Reform.

Driving economic growth

1.6 A contract was signed with BT to deliver superfast broadband in the county and we received 4,536 additional registrations of demand for better broadband, exceeding our target. There was a national issue with the award of Broadband contracts, about the legality of the proposed State Aid which delayed progress on the award of contracts across the country; this resulted in £7.2m Capital Programme slippage. It is anticipated that roll out will begin in earnest by the end of 2013.

1.7 The backlog of potholes in roads left by the severe winter has been cleared. The Department for Transport approved our permit, giving us more control to manage roadworks carried out by utility companies.

1.8 Construction of the Bexhill Hastings Link Road has begun, with £1.1m slippage into future years. The Newhaven Port Access Road is slightly behind programme due to the need to procure ground investigation works before awarding the contract; the project is under review and our target is rated amber.

1.9 332 new eligible 2 year olds are taking up a place with early years providers and we expect to be close to our target of 700. We are managing the uneven distribution of children and places across the county by reserving places and offering grants to providers where demand may be high.

Keeping vulnerable people safe from harm

1.10 More families are being supported through targeted early support services; there are fewer referrals, assessments, Child Protection Plans and Looked After Children; and all THRIVE targets are on track. In the current year a sum of £4.3m will be drawn from the THRIVE budget to meet the combination of pressures and investments as intended.

1.11 The Adult Social Care target for carers' breaks and respite has been increased by 2,000 to a total of 22,000 to mitigate any risk that carers are not adequately supported through short term crisis intervention.

1.12 There is a projected overspend of £1.7m in Adult Social Care, mainly within the Independent Sector Care budget (£1.6m). The 2013/14 base budget incorporates agreed savings targets of £8.6m, and we are implementing a range of actions to deliver the savings, while managing demand for services. The likely final outturn figure will be clearer at Quarter 2.

Building resilience for individuals and families to live independently

1.13 The numbers of people in receipt of Self Directed Support has increased as planned as this has become embedded into the Adult Social Care pathway as the primary mechanism for the delivery of social care services to people with ongoing needs. Between April and June 2013:

- 68% of adults, older people and carers were in receipt of Self Directed Support (8,338);
- 20% of adults, older people and carers received a direct payment (2,512 people); and
- 883 people received support through STEPS to stay independent. Of these, 281 were new clients.

1.14 East Sussex 1Space, an online directory of care, support and wellbeing services available in East Sussex, has been live since November 2012. Currently a total of 1,040 services are on East Sussex 1Space, and visitors to the site average 1,500 to 2,000 per month. Popular pages are: Contact Us, Request Login, Choosing a Provider, Living at Home, Housing and accommodation, and Personal Care.

1.15 Procurement of the Carefirst replacement is well under way but the majority of costs (£2.2m) for implementation will be incurred in 2014/15. A £1.7m slippage in the supported accommodation and extra care housing project reflects revised timescales for completion. Schemes to improve and enhance the service offer in learning disability day services will now take place over two years, resulting in £1.2m slippage in capital spend.

1.16 Public Health has been successfully integrated within the County Council and has successfully bid for £220,000 from the Big Lottery Fund over the next two years to held reduce poor health among vulnerable and marginalised people in Hastings and Eastbourne. A programme of recomissioning all Public Health services is now underway. The use of the forecast underspend in the budget of £1.6m will be considered as part of the recommissioning programme.

1.17 A major service redesign is under way for children with Special Educational Needs and Disabilities. The reformed service will promote personalisation, integration and greater choice and control for families and will link to changes to the Schools Funding Formula, and to education, health and care budgets.

Making best use of resources

1.18 As part of our plans to increase the use of libraries as community hubs and make best use of our resources, planning permission has been granted to have a registry office incorporated into the project to extend and improve Hastings Library. Whilst this has led to slippage of £3.9m in the capital project it will lead to improved facilities for the area.

1.19 The arrangements for consolidation of back office functions are nearing completion, with the new Business Services Department becoming operational at the beginning of September. The savings target for consolidation of £877,000 is expected to be exceeded by £378,000. Work has continued on the Agile Working Programme over the first quarter with a formal programme structure now in place. The initial detailed activity within the programme has included work to establish a ‘model office’ to demonstrate and evaluate new technologies required to support mobile and flexible working and to create a physical office environment to support future working styles.

1.20 Two 2012/13 targets in relation to waste were carried over; the minimisation target was missed and the recycling target was met. A planned saving of £70,000 related to Leachate tankering and disposal is rated amber; the business case model is currently under review.

1.21 There is a projected overspend of £363,000 in relation to Home to School Transport (HTST), the majority of which is in hired transport (£130,000) because more pupils required HTST than predicted and costs per pupil are higher. Projects and savings proposals are in place to reduce the overspend.

1.22 The Children's Services Capital Programme is forecast to underspend this year by £13.7m, reflecting the later start on delivery of basic need projects. Overall the funding in the Capital Programme is insufficient to deliver full need, but recent Government grant funding is helping to close the gap. The full picture will be considered as part of the RPPR process.

1.23 Whilst it is early in the year, and making savings at the same time as pressure on many of our services is increasing is challenging, the Council is making good progress towards both its performance and financial targets. We will continue to monitor progress closely and will have a clearer picture of any issues of concern at Quarter 2.

2. Reconciling Policy, Performance and Resources

2.1 The Council agreed a Medium Term Financial Plan (MTFP) for 2013/14 to 2015/16 to support delivery of the Council Plan, based on the key premises of: the need to save £70m over the three years of the Plan; savings targets of 20% for management and support areas and 15% for direct service spend; an assumption of a Council Tax increase by 2.5% in 2014/15 and 2015/16; and services needed to absorb the pressures arising from demographic changes.

2.2 The State of the County report in July 2013 gave the headlines from the Spending Review. Since this time the Government has made a number of announcements and issued consultations which affect our planning assumptions. We will not know the final effect of all these changes until the final settlement, but we need to make an assessment of their likely impact in order to assess the efficacy of our current plans.

Provisional Settlement

2.3 The summer consultations show that the Government now intends to take another £1billion from core local government funding, in addition to the reductions announced in last year's final settlement. This consists of:

- £800m set outside for grants and other allocations, including social care new burdens and independent living fund; and
- Additional funding withheld for the New Homes Bonus and Business Rates Retention Scheme.

New Homes Bonus (NHB)

2.4 The Government has also consulted on two options for the pooling of the NHB to provide funding for Local Enterprise Partnerships. In the first, all authorities would have their NHB reduced by an estimated 35%. In two tier areas this would mean Borough/ District Councils providing 80% of the pooled amount, with counties providing 20%, in accordance with the NHB split. In the second of the two options, the first call for the pool would be from counties, with District/Borough Councils making up the difference. On the basis of a 35% top slice, counties would lose all their NHB in 2015/16, with the remainder coming from District/Borough Councils (approximately 19% of their allocation). For ESCC, Option 1 would mean a reduction of £800,000 of the expected NHB income in 2015/16 and possibly beyond. Option 2 would mean a loss of £2.2m which was forecast for 2015/16.

Council Tax

2.5 The Government has indicated that Council Tax rises above 2% will require a referendum. It has also offered a further year of Council Tax freeze grant of 1% up to 2015/16. These grants add £5m to the resources available, but there is no guarantee of their continuation beyond 2015/16, at which time there will be a General Election. The removal of these grants would therefore mean a further £5m savings would need to be found. The current MTFP includes an assumption of Council Tax rises of 2.5% after the current financial year. The plans need to be remodelled to show the impact of savings within the 2% referendum limit on our MTFP as the costs of running a referendum compared to the potential income increase make it financially unviable.

Council Tax localisation

2.6 A county wide approach to the Council Tax localisation scheme had been consulted on for 2013/14 but this was not implemented in full as the Government provided interim one year funding in 2013/14 of £813,000 subject to certain conditions. The additional funding will not be available next year and the County Council is in discussion with the Borough and District Councils who make the final decision about the scheme in their areas. The County Council view remains that we need a scheme that has a neutral impact on our budget.

Social Care and Health Reforms

2.7 The Government is introducing a range of reforms aimed at enhancing integration between Health and Social Care and improving the care available for vulnerable adults. These include a cap on care costs, new rights for carers and a national eligibility threshold for care and support. It sets out duties for local authorities to promote wellbeing, diversity and quality in provision of services and duties to assess the care and support needs of both adults and carers. Whilst some funding has been announced for these initiatives – provided by the cut in the general fund available to local government referred to above and reallocation of Clinical Commissioning Group funding – the cost of implementing the changes could outweigh the new funding available.

Public Health

2.8 The Government has announced that Public Health funding will be ring fenced up to 2016/17.

Pensions and National Insurance (NI) Changes

2.9 From April 2016 the “contracted out” rate of employers’ NI will be abolished. The estimated impact of this is likely to be additional costs of £2.5m.

2.10 In addition, the triennial actuarial valuation of the pension fund is being carried out. The outcome of the valuation will be known in November, but such valuations have historically always led to increased costs for the Council. Current planning assumption is for an increase in the employers’ contribution rate of 1% each year over the MTFP period.

2.11 With regard to the outlook for 2016/17 and beyond, the three year rolling Council Plan and MTFP means that we need to consider the likely level of savings for the third year. A continuation of the Government’s trajectory of 10% cut in public spending; the various changes to the funding streams referred to above, the need to make allowance for inflation and for basic capital need spend and impact of the Council Tax freeze throughout the period would mean further savings in the range of £29m-£32m by 2016/17 (excluding any demand pressures).

2.12 A mid-year review of the Capital Programme will be carried out to realign expenditure in the light of current forecasts. Once this has taken place the programme as a whole will be considered to assess what additional resources might be required to provide for basic need provision from 2015/16. This will form part of the next report to Cabinet in November.

2.13 The MTFP was based on a prudent assessment of our future likely income levels and it is anticipated that the Council will be able to deliver a balanced budget with the savings assumptions it has already made for 2014/15-2015/16. There are, however, a number of caveats to this as the full impact will not be known until final settlement at the end of the year or early in the New Year.

2.14 The savings targets for this and the next two years are very challenging, will involve significant impacts on service users and significant effort by staff if they are to be delivered. It is imperative, however, that savings on the scale agreed by Council are made. Therefore CMT have been asked to review progress on delivery of savings for 2013/14 and the deliverability of the savings proposed for 2014/15 and 2015/16 in the light of the changing national and local context.

2.15 There is a programme of cross-cutting initiatives underway which support our savings agenda. These include, among other things: Agile working; commissioning and procurement; income maximisation; Strategic Property Asset Collaboration in East Sussex (SPACES); the South East Seven partnership and digital access and social marketing. An assessment is being made of the contribution these will make to the savings requirement over the period of the new MTFP 2014/15-2016/17.

2.16 A further report will be made to Cabinet in November on:

- Any changes needed to current savings plans in the light of the review referred to in paragraph 2.14 above; and
- The scale of additional savings required in 2016/17, once the cross-cutting initiatives and demand pressures have been taken into account.

2.17 Scrutiny Committees play an important role in developing our plans under RPPR. Scrutiny Committees have been meeting during September to consider the current Portfolio Plans and begin to understand and challenge their contributions to the Council's overall priorities. In some cases they have asked for further information to be brought back to the Committee in November, prior to the RPPR Boards that will be held in December and January. Lead Members and Chief Officers have been attending the Scrutiny Committees and will take the views expressed into account in developing plans. The views of the Committees on plans for the next three years will be reported to Cabinet formally in January.

2.18 The Council will continue to consult on savings proposals with the groups affected and will engage with the public and partners about the overall savings plans.

3. Future levels of investment in highways maintenance

3.1 The Cabinet considered a report on future levels of highway maintenance, which is funded through both annual capital and revenue allocations. The net revenue budget for highway maintenance is £15.7m per annum of which approximately £2.05m is allocated to pothole repairs.

3.2 In recent years the County Council has increased its Capital Investment in road maintenance from historic levels. Since 2010 to date we have invested some £42m to improve the condition of roads across the county, with a further £15m per annum allocated over the next couple of years. Expenditure to date has enabled us to resurface 280 miles of carriageway (14% of the county's road network), resulting in significant improvement in road condition.

3.3 In April 2010 a step change in the County Council's approach to highway maintenance was developed, resulting in a move away from a largely reactive and high cost service to an efficient, planned service based on Asset Management principles.

3.4 The Highways Transformation Project launched in July 2011 has delivered significant improvements and efficiency savings to the Highways Service and paved the way for the development of a Highway Maintenance Asset Plan. This asset plan has now been established and is being used to inform both current and future prioritisation of capital investment based on improved knowledge of the condition (and deterioration) of our road network.

3.5 At the County Council meeting on 16 July 2013 the Council, following debate, agreed the following motion:

> *The Council recognises the high degree of public concern regarding road surface condition including potholes and in supporting continued investment in the County's road infrastructure recommends that consideration be made of an additional sum being allocated to this as part of the Council's Reconciling Policy, Performance and Resources process as a matter of urgency and be taken to the*

Cabinet in this financial year and to be reported back to the County Council for decision

3.6 The report to Cabinet, previously circulated to all Members, described the scale of capital investment in recent years and the improvements in road condition that have been achieved. The report also described the development of a highways asset plan which can be used to determine the future investment strategy through the Reconciling Policy, Performance and Resources (RPPR) process.

3.7 One of the biggest symptoms of historic under-investment in the road network is the formation of potholes and in particular the extent of damage caused by winter weather. Efficient and effective reduction in potholes can best be achieved through long term investment plans based on an asset management approach.

3.8 To ensure decisions on investment for roads, including policy changes, are not take in isolation, they should be considered through the RPPR process. Cabinet is therefore recommending the principle of using the Asset Management Plan as supporting evidence in determining the requisite condition of roads and to inform subsequent investment decisions through the RPPR process. It is important to bear in mind that any additional investment in roads will have an opportunity cost. It is not recommended to allocate an arbitrary sum, until there is a greater understanding of what the return on such an investment would be, having regard to the Asset Management Plan, and a clear understanding of the forthcoming challenges that face all parts of the Council.

3.9 These challenges will become clearer through the RPPR and the budget setting processes, which will then allow Members to make an informed decision, firstly having regard to what difference an additional investment will make, and also what the opportunity cost of this additional investment will be.

3.10 The Cabinet recommends the County Council:

Y not to allocate a further sum for the County’s road infrastructure until there is a greater understanding of: the return on the investment and the opportunity cost of any additional investment; both of which can be established by using the Asset Management Plan as part of the RPPR and budget setting processes for 2014/15 and beyond.

4. Annual Looked After Children Service report

4.1 The Cabinet considered the annual report of the Corporate Parenting Panel on activity within the Looked After Children service. The report set out the many ways in which the County Council’s role as corporate parent was discharged in 2012/13, and included a summary of progress made by children looked after by the County Council. It also outlined a summary of the work of the Corporate Parenting Panel itself which takes place alongside the regular review of inspection reports for the children’s homes for which the County Council is responsible. The full report formed an appendix to the report to Cabinet, previously circulated to all Members.

4.2 Overall the LAC Service continues to perform well with continued improvements in most of the outcomes for our children. The additional THRIVE funding for 2012/13 resulted in increased numbers of approvals of foster carers and adopters, a reduction in contact costs and a reduction in LAC numbers. These activities meant that the outturn budget position for 2012/13 was significantly better than the worst case scenario that had been forecast in 2011/12. The pressures continue to be in agency costs, contact staffing costs, adoption support and in achieving the income target for Lansdowne Secure Unit as all authorities across the country seek to reduce their use of expensive secure placements.

4.3 The challenges for the service are to continue to reduce the gap in outcomes for our LAC, especially in the area of educational attainment and achievement and to increase employment, education and training opportunities for our care leavers. We need to continue to advocate with our partners, and within the wider council as a whole, for increased recognition of wider corporate parenting responsibilities. New government statutes in Adoption, Fostering and Kinship care will need to be implemented as well as changes to many of our polices and procedures.

4.4 We have made significant progress in reducing our LAC numbers in 2012/13 in line with the THRIVE targets and are now performing below the national average in terms of numbers of LAC per 10,000. Reducing our LAC numbers safely by 100 to 522 by the end of 2014/15 will remain challenging. Our key priorities are still the recruitment of good quality foster and adoptive placements to achieve permanence for our LAC. This is being carried forward in the overall THRIVE agenda. Our task remains to do the best possible job to support those children who we do have to remove permanently or temporarily from their families.

4.5 The annual report from the LAC service indicates that there is a well functioning and responsive service, working with some of the most vulnerable children in the County. The Corporate Parenting Panel is also working diligently and effectively to ensure that standards remain high.

15 October 2013

KEITH GLAZIER
Chair