

REPORT OF THE CABINET

The Cabinet met on 12 November 2013. Attendance:-

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

1. Reconciling Policy, Performance and Resources

Review of Current Medium Term Financial Plan (MTFP)

1.1 Chief Officers have reviewed current savings plans and agreed that those agreed by County Council in February 2013 are challenging but broadly deliverable. The sustainability of the MTFP depends on the Council reducing expenditure by the £60m planned in absolute terms and on it managing demands and pressures within services. There is no prospect of additional money being available for the foreseeable future.

1.2 Overspends are currently forecast in Adult Social Care and Children's Services, however, corrective action is in place which will bring the budgets back into line and, in the case of Adult Social Care, ensure that the department is well placed to deliver their plans for the remaining two years of the MTFP. Children's Services may need to make some adjustments to their savings plans for 2014/15 and 2015/16 and a revised MTFP for the department will be developed for discussion. This revised plan from Children's and the detailed proposals for implementation of the budgets and activity agreed in outline for 2014/15 and 2016/17 will be considered through the RPPR process over the next few months before the budget and Council Plan are agreed in February 2014. The RPPR process will also consider any proposed changes to investment decisions eg in highways.

1.3 The task is very challenging and will require Members to make difficult decisions about changes across all areas of the Council's services and staff to have a relentless focus on delivery of the plans to deliver our four agreed priority outcomes of:

- Driving economic growth
- Keeping vulnerable people safe from harm
- Building resilience for individuals and families to live independently
- Making best use of our resources.

2016/17 and Beyond

1.4 An additional £30m of savings is forecast to be needed in 2016/17. Whilst there will be a General Election in May 2015 and we cannot be sure of the spending plans of the future Government, further cash reductions are

likely in the years ahead. The Chancellor of the Exchequer, Rt. Hon. George Osborne MP, announced at the Conservative Party Conference that he would plan to have a budget surplus by the end of the next parliament. Government officials have said that savings in public finance will need to continue up to 2020. The plans of the other major parties are not yet as specific.

1.5 The savings required from local government have to date amounted to about 30%. The scale of savings that are already planned will have major impacts on the services the Council provides and time is needed for these to be implemented and the effects assessed. To ensure we are able to make the most of the resources we have in future we will need to consider some radical changes to our service offer in all areas. This work will involve a rigorous use of the strategic commissioning discipline focussed on our four agreed priority outcomes to guide spending decisions and use of resources. The approach will incorporate our “One Council” and partnership approach. Specific workstreams to be explored across East Sussex are:

- Agile working – making the best use of our physical and personnel resources by moving services closer to the end user;
- Commissioning and procurement – looking at how best to meet local people’s needs through service delivery. This could mean a radical rethink across services about how those needs are met – looking at how we tackle social isolation in rural areas for example, rather than how we deliver traditional services such as social care and community transport. This will also involve working in partnership to meet those needs and to improve our purchasing power where we continue to provide services through SE7 for example; and
- Digital access and social marketing – the development of a digital access and social marketing strategy will help us to deliver our services more efficiently and be an important component in demand management. There will be three stands to the work that are interlinked and need input from across all departments:
 - Transactional – digitising transactions, web access and channel choice;
 - Social Marketing and Demand management – helping people to do things differently by using the web to influence behaviour or to develop communities of place/interest that can become self-supporting to meet needs; and
 - Community Engagement and Leadership.

1.6 A further review of opportunities and risk associated with income generation is being carried out which will report in May 2014. This is unlikely to give rise to any major new streams of income, but will ensure that the best use is being made of all opportunities.

1.7 It is therefore suggested that departmental targets for savings are not set beyond 2015/16 at this stage, but that officers are asked to continue working on these strands of work with a view to developing options for new models of service offer for 2016/17 and beyond based on the themes outlined above. The new service offer will continue to need to be delivered against a backdrop of continuous improvement and value for money in the use of all our

resources. The proposals can then be considered by Members as part of the next medium term financial and business planning cycle next year.

1.8 During the remainder of this RPPR cycle it is important that all Members understand fully the Council's financial position and the implications of the choices they are making for the next two years and this will be the focus of engagement up to the County Council's budget meeting in February 2014. A forum for all Members was held in November 2013 and a further forum will be held in January 2014 to ensure that they are fully informed of the current position and plans. This will augment the Scrutiny arrangements for looking at proposals for specific Portfolios in more detail. Information is also being prepared for Members to use when engaging with their communities about proposals. Engagement will continue more broadly on our plans with the public, partners and stakeholders. We will continue to consult on specific savings proposals where appropriate, before final decisions are made.

Capital Programme Mid-Year Review

1.9 At its meeting in February 2013 the Council approved a five year Capital Programme. The programme was heavily weighted in the first two years and, as is normal practice, officers have undertaken a mid-year review of the whole programme including project progress and updated financial forecasts. This has highlighted the need to re-profile expenditure of £50m originally planned in the current financial year to later years. Details were shown at Appendix 1 of the report to the Cabinet, previously circulated to all Members.

1.10 There is a clear need to consider updating the programme for 2015/16 to 2017/18 to reflect the need for a number of high priority corporate programmes, for example, structural maintenance of roads and basic school needs places. The December Cabinet will set out the County's capital needs and recommendations will be included in the draft programme considered by Cabinet and County Council in January and February respectively. This will of course include recommendations about funding any new items and the implications for the revenue budget.

1.11 The programme will continue to be monitored closely to ensure that the schemes are delivered in line with the new profiles. Currently, all of the schemes are on track to deliver the outcomes that were agreed.

2. Annual Audit Letter and fee update 2012/13

2.1 The Cabinet considered a report on the Annual Audit Letter and fee update for 2012/13. The external audit fees update for 2012/13 of £139,086 (County Council of £112,479 and the Pension Fund of £26,607) for the core audit, and £2,800 for certification work will be funded from existing budgets.

2.2 The Annual Audit Letter, attached as Appendix A of the report to the Cabinet previously circulated to all Members, summarises the key issues

CABINET

arising from the work carried out by the Council's external auditors BDO and KPMG during the year. This report contains no new findings or recommendations, but reflects the key issues already reported in the Annual Governance Report. The Annual Audit Letter was circulated to all Councillors and published on the Council's website prior to the Audit Commission's deadline. The letter was also considered by the Audit, Best Value and Community Services Scrutiny Committee.

12 November 2013

KEITH GLAZIER
Chair