
REPORT OF THE CABINET

The Cabinet met on 22 July and 16 September 2014. Attendance:-

Councillor Glazier (Chair) (2)
Councillors Bennett (2), Bentley (2), Dowling (2), Elkin (2), Maynard (2),
Simmons (2) and Tidy (1)

1. Reconciling Policy, Performance and Resources: State of the County

1.1 The State of the County report to Cabinet at the end of July begins the Reconciling Policy, Performance and Resources (RPPR) process, the business and financial planning process, for the period 2015/16 – 2018/19.

Council Priority Outcomes

1.2 Last year Members agreed a more focused approach to the Council Plan with four cross-cutting priority outcomes being agreed for the Council as a whole. The priority outcomes provide a focus for decisions about spending and savings and will direct work across the Council. The outcome that the Council makes the best use of resources is a test that will be applied to all our activities. It is proposed that the broad outcomes which the Council is trying to achieve remain unchanged for the next year. It is suggested, however that the “Building resilience for individuals and families to live independently” priority is renamed “Helping people help themselves” to make it easier to understand.

1.3 The proposed four priority outcomes are set out below:

- Driving economic growth;
- Keeping vulnerable people safe;
- Helping people help themselves; and
- Making best use of our resources.

Development of the Council’s Medium Term Plans

1.4 The Council currently has a Medium Term Plan which runs to the end of 2015/16 and was agreed by County Council in February 2014. It is proposed that planning for the next year continues on this agreed strategy, subject to monitoring by Members of implementation, service impact and achievement of savings and any changes suggested in the light of this review work. At this early stage in the current financial year and ahead of the detail of Quarter 1 monitoring there is no reason to suggest significant variation to the savings plans for the current year. The known exception to this relates to the savings enabled by the Agile Programme. The programme has slipped because resources had to be redirected onto responding to the Government Code of Connect requirements both in respect of compliance of our current systems and also compliance of the design of future ways of working and additional time is being taken to understand the business needs of staff groups, which is challenging in a large and complex organisation performing a wide range of functions. The resulting savings equally need to be re-profiled across the remaining years of the plan period and beyond. Confirmation of this and mitigating actions will be reported in Quarter 1. The detailed engagement work with services that is currently underway will enable a more robust assessment of the savings deliverable supported by plans that are owned by the individual services. The savings plans for 2014/15 and 2015/16 agreed by Council in February are set out in Appendix 3 of the report to Cabinet previously circulated to all Members.

1.5 The following Medium Term Financial (MTFP) Planning period, the three years between 2016/17 and 2018/19, will see considerable change both in the levels of funding and the national context in which we work. Appendix 1 of the report to Cabinet previously circulated to all Members outlined key local and national policy and financial issues that are likely to face the Council. Whilst

there remains considerable uncertainty about the future, the assumption is that the Council will need to make further savings in the range of £70m - £90m over the period. This is in addition to the £70m which will have been saved over the period 2013/14 to 2015/16 and the in-year savings of £19m which we were required to make in 2012/13. By the end of the next MTFP period, total savings will represent 21% of the gross budget which was available to the Council at the start of 2012/13.

1.6 The County Council acknowledged in February that savings of this scale are extremely challenging and will mean radical changes to services which take time to plan. This is because of the need to: engage service users and others to help design services that work for them; develop self-support infrastructure where services are changing; and manage risk to the most vulnerable people in our communities in particular, on whom most of our resources are spent. Planning for the next medium term period will involve a rigorous use of the strategic commissioning discipline focused on our four agreed priority outcomes to guide spending decisions and use of resources. This means working as “One Council” and in partnership with others both in formal public/private sectors and with our wider communities across the county.

1.7 A summary of the progress on our cross-Council work areas which will contribute to our savings in future years is set out below:

- Agile Programme – the property and IT phase of the work is in progress and will be supported by our People Strategy and Strategic Workforce Plan.
- Digital – there are a number of areas where national best practice can bring benefits to the Council and the communities of East Sussex. These are: economic development; early identification of needs; helping to build self-reliance in communities; strategic and community leadership; and improved service delivery. Work is already underway in the key areas where digital can bring benefits. Work is underway to identify where more will need to be done to join up our approach, both across the Council and with partners.
- Income Generation – work is underway to ensure the Council maximises its income under three themes:
 - i. core finance and funding;
 - ii. fees and charges; and
 - iii. commercial strategy – maximising the use of assets and alternative income generating opportunities through partnerships and collaborations.
- Helping people help themselves – work is underway throughout all services on early intervention to help avoid more costly interventions later. Work in the next year will concentrate on developing a strategy to work with the communities to reduce demand for public service through increased self-help.
- Strategic commissioning across all activities.

We will use these work streams as the basis for our business and financial planning for the three years beyond 2015/16, including strengthened working with Members to ensure we identify all possible areas for exploration and development. RPPR will provide the vehicle through which Members will consider the emerging proposals and make final decisions about the budget and Council Plan.

Capital Programme

1.8 A summary of the changes to the Capital Programme following the closure of the 2013/14 accounts and a review of the programme’s financial robustness and deliverability was attached as Appendix 2 of the report to Cabinet previously circulated to all Members.

1.9 The review of the programme has identified a few changes to the profiling of some of the individual schemes, primarily to reflect the additional receipt of £4m from the Regional Development Fund to finance some of the Council’s economic development activities. There is also an adjustment for the updated Agile Programme. These were set out in Appendix 2 Annex A. Due to the complexity of the Hastings Library scheme, the condition of both buildings and the

impact of market forces, the projected build costs of that scheme will now exceed the budget allocation by £1.9m. The Council has unallocated capital resources to fund these costs.

1.10 The review also has identified that the Council has £24m of capital resources available over the duration of the current plan 2014/15 – 2017/18 to fund new schemes or mitigate the risks identified in the Appendix.

Member Engagement

1.11 Whilst development of the Council Plan and Budget for recommendation to the County Council is a Cabinet function, the Council has a commitment to and track record of, engaging Members across the whole authority throughout the RPPR process. Scrutiny Committees are asked to bring to bear the experience they have from the work they have carried out over the past year on savings and spending plans. Whole Council Forums will be held at regular intervals for all Members to input into the process; the first Forum was held on 17 July. Cabinet meetings will be open to all Members to speak on proposals as they are developed. Members as individuals, groups or committees are encouraged to bring suggestions about how the Council can achieve its priority outcomes and make the savings needed at any time during the planning cycle. A timetable of key Member meetings was attached as Appendix 4 of the report to Cabinet previously circulated to all Members.

2. Council Monitoring: Quarter 1 2014/15

2.1 The report considered by the Cabinet set out the Council's position and year end projections for Council Plan targets, Revenue Budget, Capital Programme, and Savings Plan, together with Risks for Quarter 1 (April – June) 2014.

2.2 Broad progress against the Council's four strategic priority outcomes is summarised below and an overview of finance and performance data is provided in the Corporate Summary at Appendix 1 of the report to Cabinet previously circulated to all Members. Strategic risks were reported at Appendix 7 of the report.

2.3 Although it is early in the year, we can begin to assess progress and challenges across all our priority areas. Rother District Council named the Bexhill to Hastings Link Road, Combe Valley Way, following public consultation; construction is on track for completion by May 2015 and more than 60% of staff have been locally employed. Broadband roll out continues to be two months ahead of schedule. Early help services created through the THRIVE programme continue to deliver well, but budget pressures have emerged in Children's Services with strategies being developed to tackle them. £54.58m was allocated to East Sussex from South East Local Enterprise Partnership (SELEP) through the Growth Deal and will fund improvements to transport infrastructure. The first full year report on progress against the Health and Wellbeing Strategy Action Plan was well received by the Health and Wellbeing Board in July 2014. Our website to commemorate the First World War was developed and went live on 4 August 2014. Of the 77 Council Plan targets, 65 (84%) are rated green, 5 (6%) are rated amber, 4 (5%) are rated red, 3 (4%) are proposed for amendment to make the targets more challenging, these are all in Appendix 5 of the report to Cabinet:

- Online learning (including skills for life and ICT courses) courses delivered in libraries, target increased from 360 courses to 450 courses.
- Increase inward investment and tourism, additional target proposed 'seven businesses committed to or relocated to East Sussex'.
- Unclassified roads requiring maintenance, target amendment from 23.5% to 22.5%.

2.4 The revenue budget for 2014/15 is predicated on the achievement of £30m of savings: by far our most challenging target yet in any single year. Over half of this sum is rated as 'green' (i.e. either achieved or on track to be delivered in full). The 'amber' rating shows £11.6m of savings

that are assessed as deliverable although they may not be delivered in full this financial year. The two most significant areas within this figure are the Community Care Budget (£7.9m - Appendix 2) and Agile enabled savings (£3m - Appendix 3). A review is also being carried out of budgets which have underspent historically to ensure that our base budgeting is as robust as possible as part of this year's Reconciling Policy, Performance and Resources (RPPR) process. The outcome of the review will be reported in early Autumn.

2.5 The predicted overall revenue outturn at the end of Quarter 1 is an overspend of £10.7m (3%). This is evidence of the significant challenge that the savings pose, however it is very early in the financial year and the budget is expected to come in broadly on line. As activities to reduce costs are implemented, for example in relation to individual care packages, a greater proportion of these savings will move to 'green'. The only area where it is currently anticipated that savings will not be delivered this year is Agile.

2.6 The Agile programme has become more complex as significant changes are being made in the way we deliver services (for example SEND legislative changes; Social Care and Health integration and future savings plans and priorities as part of RPPR across all departments); and in the light of changing Government requirements on our ICT network. More detail on the challenges facing the Agile Programme and the proposed response is set out in Appendix 3 of the report to Cabinet.

2.7 Included within the forecast overspend is a sum of £1.2m relating to an issue that has been identified in relation to treatment of Dedicated Schools Grant which results in a pressure in Children Services. The Cabinet agreed to resolve this through use of flexibilities in corporate budgets this financial year. Adjustment to the base budget will be incorporated into the Medium Term Financial Plan as part of the RPPR process.

2.8 It will be possible to make a more robust assessment of the likely final outturn at the end of Quarter 2. If there were to be a year-end overspend of the scale currently forecast, this could be funded from the contingency that was agreed for the 2014/15 budget. However, if at the end of Quarter 2 it appears that changes to service provision will not deliver the savings required, this will be taken into account in the review of our savings plans for 2015/16 as part of the RPPR process.

2.9 At this early stage in the financial year, the forecast expenditure on the capital programme is £152.3m against an approved budget of £161.8m, the difference of £9.5m is due to slippage on 3 projects: Hasting Library £5.5m, Integrated Transport programme £2.6m and Highways Eastern Depot £1.3m.

2.10 Following improvements made during 2013/14, we are continuing to review, strengthen and improve the overall governance arrangements for the effective management and delivery of the capital programme. The review will report late 2014 with any improvements being fully implemented by 1 April 2015.

2.11 All strategic risks have been reviewed and four have been amended. Risk 1 (Roads) has both risk wording and risk controls amended, Risk 7 (Schools) has been reworded, and Risk 6 (Local Economic Growth) and Risk 8 (Capital Programme) have amended risk controls. There are no changes to any existing risk scores.

Progress against Council Priorities

Driving economic growth

2.12 We secured £1.44m from the Department for Transport's Pothole fund in addition to the £2.65m awarded earlier in the year from the Severe Weather Recovery Scheme. The additional funding is being used to address winter damage on the worst affected parts of the network. We propose amending the 2014/15 target for the percentage of unclassified roads in need of repair from 23.5% to 22.5% to reflect this additional funding (Appendix 5 of the report to Cabinet).

2.13 The SPACES programme saw significant progress on two collaborative projects in Q1. The Maltings/The Grange land swap between East Sussex County Council and Lewes District Council has been completed (Appendix 3 of the report to Cabinet).

2.14 In June 2014, East Sussex was inspected under the Ofsted inspection framework for Local Authority Arrangements for Supporting School Improvement. Early indications are that attainment has improved at Foundation Stage, Key Stage (KS) 1 and KS2 but results will be reported in Q2. We also expect to be equal to, or above, the national average of Looked After Children (LAC) making two levels or more of progress between KS1 and KS2 for maths and close to the national average for reading; however we do not expect to meet the target for writing (Appendix 4 of the report to Cabinet).

Keeping vulnerable people safe

2.15 The numbers of Child Protection (CP) Plans and LAC have both increased. An independent audit will consider the rise in CP Plans and report later in the year. Although we are working with a similar number of families, there are more LAC involved and the age profile of LAC means there have been fewer discharges compared to last year (Appendix 4 of the report to Cabinet).

2.16 There has been a rise in the number of people Killed or Seriously Injured in road traffic accidents, from 52 people in Q1 2013/14 to 89 people in Q1 2014/15. Events to promote cycle safety will be happening in Lewes, Newhaven, Seaford and Eastbourne to coincide with the Tour of Britain coming to East Sussex on 13 September. In the run up to the Tour we will be working with schools to promote cycle safety and Bikeability training (Appendix 5 of the report to Cabinet).

Helping people help themselves

2.17 62.1% of working age adults and older people, and 100% of carers received self-directed support; 19.3% of working age adults and older people, and 41.0% of carers received direct payments. 1,080 people received support through 'STEPS to stay independent', which supports people aged 65 and over to maintain independence within their own homes (Appendix 2 of the report to Cabinet).

2.18 The increased reach of early help services created through the THRIVE programme has been maintained with a slight increase in Q1 in the total number of children getting 1:1 targeted support (an increase of 74 children to 6,306). Feedback from families remains positive and the recruitment of Children's Centres volunteers is on track to hit the target (Appendix 4 of the report to Cabinet).

Making best use of our resources

2.19 Warwick House, Seaford, the new building to house a new library, day service for older people, and supported living flats for adults with learning disabilities, opened on 26 August 2014. We have appointed an operator to run the onsite café as a standalone business which will generate a small rental income for us. Construction of Newhaven library is due to be completed by December 2014 (Appendix 5 of the report to Cabinet).

2.20 Sickness absence, including schools, is 1.95 days lost per Full Time Equivalent (FTE) employee which represents an increase of 7.7% on the same period in 2013/14. The latest end of year forecast is 8.43 days lost per FTE employee against a target of 6.95 (Appendix 3 of the report to Cabinet).

3. Ashdown Forest Visitor Centre: one off additional grant

3.1 At 1 April 2014 the Ashdown Forest Trust Fund held a general reserve balance of £175,756. Members of the Cabinet, as Trustees, were asked by the Conservators to consider approval of a one-off expenditure of £21,000 from the Ashdown Forest Trust Fund to finance the purchase and installation of solar photovoltaic (PV) panels on the roof of one of the buildings at the Ashdown Forest Visitor Centre and also the redecoration of the Visitor centre. This will help to reduce the Centre's operating costs by enabling the Centre to use some of the electricity generated, which will reduce the amount of electricity that it needs to purchase, and to benefit from the national Feed-in-Tariff (FiT) subsidy scheme, which is guaranteed for 20 years and index linked. There is no direct requirement for financing from Council funds as the trust fund is ring fenced and is in surplus

3.2 In March 2014 the Conservators obtained planning permission for various changes to the Visitor Centre, including the installation of a 10 kWp solar PV system. In April the Centre's staff obtained quotes for the installation, amounting to £15,000, including VAT. The Forest Centre Development Committee subsequently approached East Sussex County Council to get approval for use of the Ashdown Forest Trust Fund money for funding.

3.3 It is estimated that the solar PV scheme could generate 9000 kWh per year, which would bring an estimated total financial benefit from reduced electricity costs and FiT subsidy of £2,300 per year. This would provide a pay-back period of approximately 6.5 years. The business case was attached at Appendix A of the report to the Cabinet previously circulated to all Members. The payback period is shorter than that quoted for the waste site schemes as this is effectively a domestic, off the shelf product with no design fees that can be implemented very simply.

3.4 The Conservators are keen to proceed with this scheme as soon as is practicable, both to maximise the income that could be generated during the summer months and to access the current FiT rate, as this subsidy decreases over time.

3.5 A cost estimate for this work and business case were attached at Appendix B of the report to the Cabinet. The total requirement for refurbishment/redecoration was £5,600.

3.6 This request was on behalf of the Conservators, and the Cabinet approved the allocation as:

- there is sufficient funding available within the Trust Fund to accommodate the additional grant;
- the proposal is consistent with the purposes of the Trust; and
- it will contribute to reducing the Conservators' on-going operating costs, thereby helping to make best use of resources.

16 September 2014

KEITH GLAZIER
Chair