

Report to: Place Scrutiny Committee

Date of meeting: 23 September 2024

By: Chief Executive

Title: Reconciling Policy, Performance and Resources (RPPR)

Purpose: To provide an update on the Council's business and financial planning process, Reconciling Policy, Performance and Resources (RPPR), and the committee's input to the process.

RECOMMENDATIONS:

The Scrutiny Committee is recommended to:

(1) consider the information in the attached RPPR Cabinet report of 26 September 2024 (appendix 1); and

(2) identify any further work or information needed to aid the scrutiny committee's contribution to the RPPR process for consideration at future meetings or as part of the committee's ongoing work programme.

1. Background

1.1 On 26 September Cabinet will consider a Reconciling Policy, Performance and Resources (RPPR) update report. The report, which is being brought to Cabinet outside the usual RPPR cycle, sets out an update on the Council's financial position and the next steps recommended in response.

1.2 The report (attached at Appendix 1) includes:

- the latest financial outlook, in the context of the projected revenue outturn for 2024/25 as reported in the quarter 1 Council monitoring report, which is also to be considered by Cabinet on 26 September;
- an update on the Council's response to the significant financial pressures;
- an update on ongoing work, requested by Cabinet at State of the County in June, to identify potential savings to support the Council in setting a balanced budget for 2025/26; and
- a recommendation to begin public consultation on a range of specific potential savings.

1.3 As set out at Appendix 1, a further report will be brought to Cabinet in November, in line with the usual RPPR process, with a broader overview of national developments, a further update on the financial context including the Council's medium term financial plan and capital programme, and a broader set of savings proposals.

2. Scrutiny engagement in RPPR planning

2.1 At the **July** meeting the Place Scrutiny Committee discussed relevant parts of the 2023/24 year end monitoring report and the State of the County 2024 report, both of which had been considered by Cabinet in June. These reports enabled the committee to review current service and financial performance information, as well as considering new developments which will impact on services, to ensure a full understanding of the current context and future pressures for the areas within the remit of the committee.

2.2 The **September** meeting provides an opportunity for the committee to consider further developments in the policy and financial context and how these will impact on planning for 2025/26 and beyond. The attached Cabinet report provides the latest position. Members are invited to:

- consider and comment on the developments in the planning context, particularly as they impact on services within the committee's remit;
- consider the potential areas for savings identified for the service areas within the committee's remit; and
- identify any further work or information needed to aid the committee's contribution to the RPPR process.

2.3 The **October** scrutiny work planning awayday will provide a further opportunity to consider issues raised and whether, or how, these should be reflected in the committees' ongoing work programmes.

2.4 At the **November** scrutiny meeting the committee will consider a further RPPR update which will include the latest planning context and financial position reported to Cabinet that month.

2.5 The committee's **RPPR Board** will meet on 9 December 2024 to agree detailed comments and any recommendations on the budget and emerging portfolio plans to be put to Cabinet on behalf of the committee in January 2025. The Chairs of the People and Place Scrutiny Committees are invited to attend the RPPR boards of both committees.

2.6 In **March 2025** the committee will review the process and its input into the RPPR process and receive feedback on how scrutiny input has been reflected in final plans. Any issues arising can be reflected in the future committee work programme.

2.7 Running alongside this process, there will be a number of opportunities for all Members to engage in the RPPR process, including Whole Council Forums.

3. Conclusion and reason for recommendations

3.1 As part of its ongoing input to the RPPR process, the committee is recommended to consider the updated information provided by this report and identify any further information it requires to support its engagement in the planning process. The committee is also recommended to consider any amendments to its work programme to aid its contribution to the ongoing RPPR process.

BECKY SHAW
Chief Executive

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Report to:	Cabinet
Date:	26 September 2024
By:	Chief Executive
Title of report:	Reconciling Policy, Performance and Resources (RPPR) – update on planning for 2025/26
Purpose of report:	To provide an update on the RPPR planning position and consider exceptional in-year actions required.

RECOMMENDATIONS:

Cabinet is recommended to:

- i. note the updated planning position and the actions being taken to support the Council’s financial position as set out in the report;**
 - ii. agree that the Council consults where required on the savings proposals set out in the report and at appendix 1;**
 - iii. agree that Chief Officers continue to identify further potential savings as set out in section 5;**
 - iv. agree to continue lobbying vigorously through all available avenues for sustainable funding to meet the needs of the residents of East Sussex.**
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1. Background

1.1 In June Cabinet considered the State of the County report, a key milestone in the Council’s Reconciling Policy, Performance and Resources (RPPR) process, our integrated business and financial planning cycle. The report set out the updated demographic, economic and service evidence base, the national and local policy context, and the latest updates on our medium term financial planning position and capital programme at that time.

1.2 State of the County set out the strengths and diversity of our county, as well as needs and challenges. The report also demonstrated the varied and essential range of support the County Council provides to East Sussex residents, businesses and communities, particularly care services for the most vulnerable children and adults which make up over two thirds of our net revenue budget. The Council spends over £540m net (over £1bn gross) each year on services which make a daily difference to lives and livelihoods and deliver both local and national priorities.

1.3 However, the State of the County report also set out the most difficult financial outlook ever facing the Council. There is a substantial and growing gap between the costs of delivering essential services to meet the needs of East Sussex residents and the income we expect to have to fund these services in future years. The current year’s budget, set by the County Council in February, is reliant on one-off reserves, a temporary measure which does not address the underlying funding gap and is unsustainable. As a result of this gap, and no indication of further income available to address it, Cabinet agreed in June to identify areas of search for further savings.

1.4 Since June, as set out below (and in the quarter 1 (Q1) monitoring report elsewhere on this agenda), the Council's financial position has deteriorated. Despite the significant additional provision made in February's budget based on the evidence and modelling of future needs and costs, the pressures on services have continued into 2024/25. This is due to continued increases in demand for services and the cost of delivering them - a picture mirrored nationally. As a result, the Q1 monitoring report sets out a substantial projected service overspend of £23.5m in the current year. Although, as the report outlines, robust steps are being taken to further reduce spending, the forecast in-year deficit has the potential to deplete further our very limited available reserves, removing any remaining flexibility for the year ahead.

1.5 This is both a stark and urgent position. Unless additional funding is forthcoming, the Council will not be in a position to set a balanced budget in February without action, over and above steps already being taken. Decisions are needed now in order to begin progressing, before the end of this financial year, the savings proposals which will potentially be required to help make ends meet next year. For these reasons, this report is being brought to Cabinet outside of our usual RPPR planning cycle and approach.

1.6 This is an exceptional step, and recommendations to start the consultation needed to underpin sound decision-making later in the RPPR cycle are being made at this time as to delay them would result in the financial position worsening further and additional savings having to be found. The process for considering and, should they be agreed, implementing proposals takes some time. Consultation and consideration of the results will take a number of months and, depending on what is then decided, notice may have to be given on contracts and services reprovisioned. To enable a saving to be made as soon as possible, and mitigate the risk of a worsening financial position, some decisions will have to be taken early in 2025, following and taking account of the consultation. This means that the process has to start now. This report focuses on initial savings proposals which require public consultation to begin this process, subject to Cabinet approval. Further proposals are being developed and there will be another update to Cabinet in November.

1.7 It is important to state clearly and openly that the proposals set out in this report are brought forward out of necessity. We know they will have significant impacts on local people, our staff and partners and, in many cases, will only add to the future need for services as well as impacting on our ability to respond. However, the Council has a legal obligation to set a balanced budget for the coming year in February. Given our very limited available reserves, which will be further reduced by the current year's pressures, this can only be achieved by receiving significant additional funding, which we have limited ability to raise, or reducing spend. Following the substantial savings of £140m already identified since 2010, which moved the Council to a Core Offer, there are few remaining options to reduce spend. We are faced with hard, short term choices which do not reflect how we would want to approach evidence-based, longer term planning to meet the needs of our communities and services.

1.8 Nationally, we await details of the new Government's approach to local government funding and the key areas placing severe pressures on councils. The national Budget statement has been set for 30 October and the provisional Local Government Finance Settlement is expected in December. A broader overview of national developments, and the updated Medium Term Financial Plan position, will be brought to Cabinet in November in line with our usual RPPR process, and following the Budget Statement. We continue to take all opportunities to raise and be clear with Government about the position faced by ESCC, the impacts on the people, businesses and communities of the county, and the financial and service reforms needed, and we are seeking the support of local MPs in pressing this case. However, in the context of pressure on public finances nationally, there is currently no indication of additional Government support, and we must take action locally to address the

serious financial position and to safeguard the decent and effective services our residents need and deserve as far as possible.

1.9 We also remain committed to strong partnership working to ensure we make the very best of the resources we have available as well as seeking to minimise, wherever possible, the impact of budget decisions.

2. The challenge in East Sussex

2.1 Councils across the country, including ESCC, have experienced a rapid escalation in both demand and costs as a result of national factors beyond local control. In particular, ongoing growth and complexity of demand and increased costs in children's social care, special educational needs and disability (SEND), home to school transport and adult social care, due to increased need, demographic change and national market conditions, are placing significant pressure on local authorities, both financially and in service provision. The legacy of Covid and more recent cost of living increases has been both increased demand for a range of services and more complex needs, particularly in Children's Services.

2.2 These demand-led, statutory services are core to supporting the most vulnerable, but the essential requirement to respond to all those who need statutory support leaves few options for local authorities to manage growing costs. Preventative work, which can help stop needs escalating and therefore reduce the amount of higher intensity support required, has been reduced over time as councils' resources became more stretched. This leaves very little room for investment in these approaches, which are our best option to manage demand in the longer term, and impacts on the outcomes we want to achieve for local people as services become ever more reactive.

2.3 Many of our public and voluntary, community and social enterprise (VCSE) sector partners are also experiencing high levels of demand. Pressures in the NHS nationally and locally post-Covid not only impact on people's experience of health services, but also have knock-on effects on council services, particularly social care.

2.4 These pressures are not unique to East Sussex but they are especially pronounced here because of the needs of our population, the resources available to us, and the steps we have already had to take over many years to respond to local needs within limited and reduced resources, and funding mechanisms which do not properly reflect the level of need.

2.5 The county's demography has a significant impact on the needs of local people and communities. Proportionately we have high numbers of over 65s and over 85s compared to the south east and England as a whole. East Sussex is ahead of the national ageing population trend. This means we have an older population which brings great strengths but also higher need for care and support, and we are at a tipping point, seeing escalating and more complex care needs. By 2028 it is estimated that there will be an additional 22,000 people with two or more health conditions in East Sussex. The number of older people with dementia is expected to increase by nearly 1,600. All of this means the pressures on our adult social care services are particularly acute compared to elsewhere.

2.6 Pockets of significant deprivation also impact on demand and the county differs substantially from the wider south east in this respect. For example, Hastings is in the top 10% most deprived local authority areas nationally and three of the five district and borough council areas have met national criteria for 'levelling up' partnerships. Take-up of benefits is higher than the national average in parts of East Sussex, for example almost 6,800 working age adults in Hastings (15%) have been assessed as being entitled to Personal Independence Payments. The proportion of older adults on Pension Credits is higher than the national average in both Hastings and Eastbourne. Nearly 3,800 children and young

people in Hastings (almost a quarter) are in low income families. These factors all generate more need for our support across a range of services.

2.7 The huge natural assets of East Sussex offer an exceptional environment in which to live and work. However, they also place limitations on the development and infrastructure which support economic growth, prosperity and the related generation of business rates to help fund services. The county has an economy of small businesses, and our protected landscapes and limited infrastructure make it difficult for those businesses to grow. Earnings are below both the national and regional average.

2.8 Coupled with the significant needs within the county, we have fewer resources at our disposal than many other county councils. While our overall reserve balances as a portion of our budget are broadly in line with other authorities, they have significantly reduced in recent years, and we have relatively limited assets. Our residents already experience relatively high council tax levels as there has been increasing reliance by Government on raising money to fund social care through this route. Business rates income is relatively flat, given the challenges in the local economy. Fundamentally, the national formula used to allocate funding to individual councils is long overdue for reform and does not reflect current local needs, particularly in places like East Sussex, with high demand for social care.

2.9 In this challenging context, we have managed our resources carefully and taken difficult decisions when we had to. This involved taking innovative approaches to delivering savings which focused on delivering our priority outcomes, including an emphasis on efficient and lean support functions in order to prioritise funding for frontline services. The scale of previous savings ESCC has delivered means that we have already implemented service reductions many other authorities are now pursuing in response to pressures.

3. Current financial position

3.1 The Medium Term Financial Plan (MTFP) presented within the State of the County report in June estimated a deficit budget position by 2027/28 of £83.6m, with a projected deficit of £55.3m in 2025/26 alone:

Medium Term Financial Plan	2025/26 £m	2026/27 £m	2027/28 £m
Annual Budget Deficit / (Surplus)	40.976	16.503	11.778
Carry Forward of 2024/25 Deficit	14.344	-	-
Annual Budget Deficit / (Surplus) after Carry Forward	55.320	16.503	11.778
Total Budget Deficit / (Surplus)	55.320	71.823	83.601

3.2 Scenarios being considered, subject to local and national decisions, had the potential to reduce the cumulative deficit to £31.2m, of which £26.6m was in 2025/26:

	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m
Revised deficit	55.320	16.503	11.778	83.601
Scenarios currently being considered				
Continuation of Adult Social Care (ASC) grant funding	(5.386)	0.000	0.000	(5.386)
Proceeds of Business Rates (NNDR) pooling	(2.194)	2.194	0.000	0.000
Council Tax: Premiums on second homes	(3.524)	(0.070)	(0.072)	(3.666)
Reduction in contractual inflation in line with forecasts	(6.481)	0.000	0.000	(6.481)
Council Tax Flexibility: Add a further 3.00% to our current 1.99% assumption to get to 4.99% (2.99% plus 2.00% ASC Precept) in all years	(11.138)	(12.254)	(13.476)	(36.868)
Deficit/(surplus) after scenarios	26.597	6.373	(1.770)	31.200

3.3 The projected year end position at Q1, as set out earlier on this agenda, adds further pressure:

2024/25 Q1 Forecast (£000)	Planned Net	Projected Net	(Over)/ under spend Net
Adult Social Care	259,957	269,761	(9,804)
Public Health	-	-	-
Business Services / Orbis	29,715	30,455	(740)
Children's Services	144,893	157,375	(12,482)
Communities, Economy & Transport	72,503	72,712	(209)
Governance Services	9,046	9,271	(225)
Total Services	516,114	539,574	(23,460)
Centrally Held Budgets	35,225	27,090	8,135
Corporate Funding	(536,995)	(542,887)	5,892
TOTAL	14,344	23,777	(9,433)
One-off Use of Financial Management Reserve 2024/25	(14,344)	(14,344)	-
Use of FM Reserve to cover operational overspend	-	(9,433)	9,433
FINAL TOTAL	0	0	0

3.4 Given the considerable level of national funding uncertainty, work continues to develop and update the MTFP, including factoring in the latest modelling of future demand, and an updated position will be reported later in the year.

3.5 At State of the County, strategic reserves were projected to be £16.7m by the end of 2028/29. The forecast draw to balance the projected 2024/25 overspend and other minor changes have reduced this projected level to £7.2m. Strategic reserves are not statutorily ringfenced or held for specific purposes and therefore can be utilised to offset revenue pressures. However, they can only be used once, so using reserves in this way is not sustainable.

4. Our response

4.1 As signalled in June, we have already taken action to minimise day to day expenditure wherever possible, to provide additional oversight of workforce costs and to ensure that recruitment to vacant posts is carefully considered. We are also ensuring that increased income offsets increased costs as far as possible, we have reviewed and reduced our office estate and we continue to prioritise the sale of assets where appropriate. We have checked the value for money our services provide, ensuring they perform well against our nearest comparator councils and that we adopt good practice from elsewhere where we can. We have sought suggestions from our staff for any further opportunities for efficiency or cost saving. Chief Officers have reviewed all the suggestions received and are taking those forward which are not already in hand and where there is a potential benefit to the organisation.

4.2 We are seeking out opportunities to benefit from advances in new technology and artificial intelligence to benefit both service delivery and capacity where possible. However, we do not have the resources, both funding and staff, needed to invest at the scale required to achieve significant cost savings. With new technologies also comes additional risk, including incurring cost on innovative ways of working which may not be successful. We cannot financially afford to take such risk. To maximise the capacity we do have, and to minimise the risk, we are taking a 'fast follower' approach, learning from authorities developing and testing new tools and identifying where we can adapt or adopt these at low cost. This work is most likely, in the short term, to assist with managing increasing demand rather than to deliver cashable savings.

4.3 From September, in light of the Q1 position, we are going further. Additional controls have been put in place for enhanced review and senior management approval of all spend over £1000 which is not already subject to separate oversight. All recruitment outside priority roles will be subject to an additional senior review and approval process. We will update our assessment of value for money with the latest data to identify any areas which could be considered further.

4.4 All these additional measures are overlaid on our existing strong financial and governance processes and approach to service delivery which have been endorsed by recent independent reviews. Peer challenges led by the Local Government Association found the organisation to be focused, well managed and effective. Ofsted, following its detailed inspection, has praised the quality of our Children's Services. Our external auditors have endorsed the value for money services provide across the Council. These considered judgements confirm that East Sussex is a well-run council, with effective and efficient services. They provide assurance that we are doing all the right things.

4.5 Evidence shows that the best investment is in the upstream, preventative services which improve outcomes and ultimately make better use of resources. However, we simply do not have the funding to scale up or even maintain these services to the level we would want, and that would help manage the growing demand for support.

5. Savings

5.1 All the actions we are taking to contain day to day costs will have some impact but are not enough. In light of the substantial projected deficit, Cabinet requested in June that officers explore areas of search for savings with a focus on:

- Discretionary and non-statutory preventative services;
- Directly provided services;
- Support services and back office functions;
- Income generation.

5.2 Departments are undertaking work to identify how further savings could be delivered. There are significant constraints. The majority of the Council's budget is now spent on delivering or supporting statutory services and meeting other statutory duties, leaving fewer areas for consideration. Many discretionary areas of work have already been reduced or removed in previous rounds of savings and those that remain were retained in our Core Offer due to their strong preventative value. Some areas of work are funded through ringfenced grants with specific criteria. There are also restrictions on actions that can be taken at pace given ongoing contracts and commitments.

5.3 This work is ongoing and the approach being taken by each department is outlined in more detail below. All departments are reviewing support functions to identify any further opportunities for efficiency and, ultimately, reductions. In addition, a full review of planned capital spending is being completed with a view to bringing forward proposals for a revised programme which focuses on meeting essential basic need and reduces the impact of borrowing costs on the revenue budget. An update on the capital programme will be provided to Cabinet in November.

5.4 Work to date on savings has identified a number of proposals which require public consultation due to the nature and extent of their impact. Cabinet is asked to agree to begin these consultation processes in recognition of the pressing need to move forward potential savings ahead of the new financial year. Identifying whether and where savings can be made as early as possible is essential in supporting the Council's ability to set a balanced budget in the new year. There is a cost to delaying, as later implementation of savings will require additional proposals to be found to fill the gap.

Adult Social Care and Health (ASCH)

5.5 The ASCH department budget represents almost half (48%) of the Council's total net budget, and as such significant savings will need to be found in this area. For Adult Social Care, our priority is to meet our legal duties to provide care and support under the Care Act. To help us to do this, we have identified five priority areas.

5.6 These priority areas include the community care budget, which is already under pressure as the demand and costs of care increase due to changes in the population, greater complexity of need and increasing financial hardship amongst residents. Other priorities include ensuring we have sufficient frontline workers such as social workers and occupational therapists, retaining a robust financial assessment function to ensure we are funding those most in need, and ensuring we manage the care market to ensure supply and best value.

5.7 In addition, we have sought to prioritise infrastructure funding for the VCSE sector, recognising the huge contribution this sector makes to preventing, reducing and delaying the need for care and support across the county. We have also aimed to protect support for unpaid carers, who play an invaluable role in meeting care and support needs for so many residents, which would otherwise fall on statutory services.

5.8 Whilst Public Health funding is ringfenced to improve public health outcomes, a review of the deployment of public health budgets has been undertaken as part of the RPPR process, to ensure best use of resources and alignment with Council Plan priorities within the grant conditions. Activity and expenditure is reported as part of the annual financial accounting process and must be certified by the Director of Public Health.

5.9 Savings proposals for Adult Social Care are being developed taking into account the priority areas. A number of savings proposals have been identified which would entail significant changes to services and therefore require a public consultation, as set out at appendix 1. These proposals cover the following areas:

- Housing support** - The East Sussex Floating Support Service (ESFSS) is available to East Sussex residents aged 16+, living in, or moving to, independent or supported accommodation in all housing tenures who require housing-related support. The service provides time-limited support, normally three to four months, for clients and their households who may be at risk of losing their home, already homeless or living in temporary accommodation and/or living in poor quality or unsuitable accommodation. During 2023/24 the service supported 5,282 clients and their households, 60% of whom were aged 16-59 and 40% aged 60+, with 71% of clients supported to remain in their existing accommodation. The proposal for consultation is to reduce the funding for this service from £4,372,615 to £500,000 per annum, a reduction of 88.5% in overall funding. This significant reduction in funding is likely to require a fundamental service redesign, with consideration given to narrowing the scope of the service to targeted client groups such as older people or Adult Social Care clients only. There is no statutory requirement for the Council to provide these services, however we have historically recognised the value of the service, its support for clients and contribution to the prevention agenda. The total potential saving is £3,874,000 with £1,937,000 delivered in 2025/26 as set out at appendix 1, and the remainder in 2026/27.
- Supported accommodation for vulnerable adults** – This service supports adults aged 18 and over whose primary need is a risk of harm due to being homeless. It comprises 28 units across two schemes located in Hastings and Eastbourne which support clients 24 hours a day, seven days a week. It aims to support individuals to move out into independent housing within 18 months. In 2023/24 39 people were accommodated in the schemes. The service is funded by the Council and commissioned in partnership with the five district and borough councils. The proposal for consultation is to stop funding the on-site support, which could lead to service closure. There is no statutory requirement to provide the service, however we have historically recognised the value of these services and the potential they have to contribute to the prevention agenda. The total potential saving is £258,000 with £129,000 delivered in 2025/26 as set out at appendix 1, and the remainder in 2026/27.
- Supported accommodation for adults with mental health needs** – This service supports adults aged 18 and over who are homeless, or at risk of homelessness, whose primary need is risk of harm due to a recognised mental health need. It comprises 45 units across three schemes located in Hastings, Eastbourne and Rother which support clients 24 hours a day, seven days a week. It aims to support individuals to move out into independent housing within 18 months. In 2023/24 66 people were accommodated in the schemes. The proposal is to review and reduce supported accommodation provision for adults with mental health needs, including potential service closure. There is no statutory requirement to provide the services, however, we have continued to recognise the value of these services and the potential they have to contribute to the prevention agenda. The total potential saving is £356,000 with £178,000 delivered in 2025/26 as set out at appendix 1, and the remainder in 2026/27.
- Phoenix Centre** – The Phoenix Centre provides day services to older people with a range of complex physical and mental health needs living in the community. The service is based in Lewes and offers care and support to up to 25 people per day, Monday to Friday. Currently there are 29 people who receive a service at the Phoenix Centre. The proposal for consultation is to stop providing the service and support people to access alternative services in the community.
- Milton Grange day service and mental health community outreach** – Milton Grange day service delivers a range of support and activities to older people living in the community who have complex mental health and physical needs. The service is based in Eastbourne and provides a service for up to 45 people per day, Monday to Friday and up to 25 people per day on Saturday. Currently there are 97 people who receive a service. The mental health community outreach service offers a range of therapeutic

interventions to people living in the community who have a mental health need. In 2023/24 118 people used the service. The proposals for consultation are to stop providing the day service and support people to access alternative services in the community, and to discontinue the directly provided mental health community outreach service and consider providing this support via a range of existing community and bed-based services.

- **Linden Court** – Linden Court, located in Eastbourne, is a day service for people with learning disabilities. The service is used by 42 clients accessing the day service, mostly within the building. The proposal is to close the service and instead find clients places in alternative services run by the Council, such as the day service at Beeching Park in Bexhill, or other providers. The total potential saving is £327,000 with £200,000 delivered in 2025/26 as set out at appendix 1, and the remainder in 2026/27.
- **Steps to Work** – Steps to Work provides training to prepare clients with a learning disability or autistic people, with an assessed Care Act eligible need, for work, and support to find and retain employment. The Shine Car Valet at County Hall is part of this service providing work experience for clients that assists them finding paid work. There are 61 clients accessing support from Steps to Work, 40 of whom are actively engaged. The proposal is to close Steps to Work and stop supporting the clients currently accessing the service. Those clients in paid or unpaid work would be able to carry on in their roles, whilst those accessing pre-employment training or actively seeking employment could be found employment support from the independent sector.
- **Hookstead and St Nicholas Centre day services** – Hookstead and St Nicholas are day services for people with a learning disability. The proposal is to consolidate these two services into one, closing the day service at Hookstead in Crowborough and extending the opening of the day service at St Nicholas Centre in Lewes to 5 days a week. Hookstead is used by 42 clients using the building-based provision and community sessions. These clients would be supported to move to St Nicholas or another service if they prefer.
- **Community support services for people with a learning disability** - East Sussex Community Support Service has two elements - Supported Living and a Community Support Service. The Community Support Service provides support to clients who live in their own home, while the Supported Living service provides additional support to residents of supported living services. The proposal is to stop providing this service where it is delivered to clients in their own homes (currently 35 clients) and restructure our Supported Living service to meet the needs of clients supported in these settings (27 clients). For clients we would no longer support, alternative external providers would be identified.
- **Drug and alcohol recovery services** – These services are commissioned to support those in recovery from drug and alcohol misuse to sustain their recovery via support networks and dedicated support for the street community, and to provide specialist support for carers of those affected by drug and alcohol misuse. These services are used by over 400 people across the county. The current contracts are already due to end in summer 2025 but it is proposed that we stop funding recovery services in future, which would mean there would no longer be any directly commissioned recovery services in the county. The total potential saving is £318,000 with £234,000 delivered in 2025/26 as set out at appendix 1, and the remainder in 2026/27.

5.10 Subject to Cabinet's agreement to consult, it is intended that consultation would take place concurrently on all the above proposals from early October for a period of 8 weeks. Equality impact assessments (EqIAs) will be completed, to give a full picture of whether any people sharing legally protected characteristics may be particularly affected by the proposed changes. An initial assessment of potential disproportionate impacts related to protected

characteristics is included in appendix 1. Following consultation, reports will be presented to Members for decision.

Children's Services (CS)

5.11 A key pressure area in CS continues to be care placements for looked after children where increased complexity of need, coupled with significant limitations in the availability of suitable placements and dysfunction in the care market, has led to a substantial escalation in the cost of residential placements over the past 18 months – two years. Our focus therefore remains on taking forward our programmes of work to address this. This includes the embedding of Valuing Care principles and processes to ensure children receive the right care, in the right place, for the right amount of time, and the introduction of family safeguarding to support families to stay together wherever possible, and to enable reunification of children with their family where appropriate. We want to continue investment in prevention where we have good evidence that it is having an impact on managing demand and reducing pressures on statutory services.

5.12 Beyond children's social care, the majority of other service areas also have a statutory basis including SEND and home to school transport, which both continue to be under significant budgetary pressure due to increased and more complex need, and other statutory education responsibilities. As well as looking to manage costs in these areas where possible, whilst maintaining the delivery of statutory responsibilities, the department is reviewing the remaining non-statutory areas of provision and support services to identify potential for further savings. This includes looking at opportunities to consolidate functions that are replicated across the department's divisions, working with Communities, Economy and Transport to look at ways to reduce home to school transports costs, and examining all areas of spend across CS with a view to reducing costs further. No areas have been identified which require a public consultation at this point.

Communities, Economy and Transport (CET)

5.13 A large proportion (72%) of the CET budget relates to the major, long-term contracts covering highways maintenance and waste and the statutory requirement to provide concessionary fares. In addition, the department provides a range of frontline services which deliver statutory requirements. The department is seeking to identify and develop savings proposals in areas of the budget which are not contractually committed.

5.14 Areas under review include rights of way maintenance, the preventative service offer in Trading Standards and the approach to the delivery of road safety training. Opportunities for efficiencies using technology in the Registration Service are also being explored, along with savings in waste disposal arrangements. The Council's economic development offer, where this goes beyond statutory requirements, is also being considered.

5.15 At this point one proposal has been identified which requires a public consultation, as set out at appendix 1:

- **Booking system for household waste recycling sites** – It is proposed to consult on the introduction of a pre-booked appointment system for all ESCC sites. The introduction of a booking system would mean less queueing to deposit waste, improved customer service and customer experience, and reduced costs for the County Council through better oversight of trade waste. Similar arrangements have been introduced successfully by other local authorities including West Sussex, Hampshire and Kent, and there is no evidence that suggests a booking system would increase fly tipping.

5.16 Subject to Cabinet's agreement to consult, consultation on this proposal will be undertaken in due course. An EqlA will also be completed, to give a full picture of whether any people sharing legally protected characteristics may be particularly affected by the

proposed change. An initial assessment of potential disproportionate impacts related to protected characteristics is included in appendix 1. Following consultation, a report will be presented to Members for decision.

Business Services and Governance Services

5.17 Business Services and Governance Services provide a range of essential support services for the organisation as a whole, including areas such as Human Resources (HR), Information Technology (IT) and Digital, Procurement, Finance, Legal Services, Communications and corporate governance functions. The departments also ensure the organisation meets a wide range of statutory requirements.

5.18 All services provided by these departments are under review to identify where further reductions or efficiencies could be made. However, given significant previous savings made in these areas in order to prioritise funding for frontline services, they are already run very leanly and include single points of failure. Any further reductions are likely to impact on support to statutory and other customer facing services and the overall resilience of the organisation. Consequences of further reductions include:

- Significant risk of plant failure (e.g. heating, lighting, lifts)
- Significant risk of IT incidents (e.g. data loss, system or WiFi failure)
- Significant risk of challenge to procurement processes
- Inability to provide key information and support to enable the council to continue to function effectively with appropriate levels of governance (e.g. financial information, HR, legal)
- Risk of not meeting the communication needs of service departments and to the resilience of the Council's online information and services.

5.19 Notwithstanding the above and recognising the financial challenges the Council faces, specific areas under consideration include:

- the IT & digital offer;
- property costs including further review of the office estate;
- legal support;
- support for business planning and performance improvement; and
- communications support for service departments and the ESCC website.

Next steps

5.20 At this point, Cabinet is recommended to agree that the Council consults as appropriate on the initial proposals identified at appendix 1 to enable these to be progressed. Following consultation, recommendations on individual proposals will be brought to Members for decision, including an analysis of the feedback received and the full EqlAs to support decision making.

5.21 The potential savings in 2025/26 from these proposals, if agreed, are set out in appendix 1. The savings identified to date have the potential to reduce the 2025/26 financial gap by £4m. A substantial gap remains and work is ongoing to develop further savings proposals across all departments to support the Council's ability to set a balanced budget for 2025/26. A broader set of savings proposals will be brought forward in November following further work, together with an update on the review of the capital programme.

5.22 All savings proposals identified will be taken forward through our usual governance, decision making and human resources (HR) processes. Progressing potential savings may entail beginning consultations with our staff on restructures and potential redundancies in order to be able to implement changes ahead of the new financial year and deliver a full year

saving to support the budget position. We will work hard to minimise compulsory redundancies as far as possible, applying our comprehensive redeployment processes and support to retain valued staff within the organisation wherever we can.

6. Engagement and lobbying

6.1 We will engage more broadly on our approach to the financial position and next steps with our statutory and VCSE sector partners and local MPs, and we will continue to communicate the Council's position clearly and openly to residents and to our staff.

6.2 Our ongoing lobbying will also be vital to ensure Government is fully aware of the unsustainable situation faced by the County Council, and the specific needs of East Sussex. We will call for immediate support with the impacts of current demands, costs and market conditions over which we have very limited control locally. We will highlight the lack of funding to invest in the preventative approaches which are the only way to mitigate increasing need, as well as to achieve the best outcomes for our residents. Above all, we will continue to make the case for a sustainable funding regime for local government, which is appropriately reflective of local need. This will be essential to ensuring we secure adequate resources to deliver what will be required to support East Sussex residents, communities and businesses with the core services they need in the years ahead. We will work individually, with our partners across the county, the region and nationally to articulate these messages vigorously and robustly.

7. Looking ahead

7.1 The Council's current and forecast financial position requires urgent action. This report outlines measures already being taken and the exceptional steps required to bring forward savings proposals ahead of the new financial year, in order to support the Council's legal duty to set a balanced budget.

7.2 We recognise the significant impact the proposals identified for consultation will have on local people, our staff and partners and on our ability to manage and respond to future need for services. These are not proposals we would want to make if there were other choices available to us and they are not made lightly.

7.3 Work will continue to develop and progress further savings. Another report will be brought to Cabinet in November with more detail on this work, as well as an overview of the latest national policy and financial context, our latest assessment of the Council's medium term financial plan position and an update on the capital programme.

7.4 Members' involvement will continue throughout the process through Cabinet, County Council, Scrutiny Committees, and specific engagement sessions.

BECKY SHAW
Chief Executive

Savings Proposals Requiring Consultation

Department	Gross Cashable Saving £'000
	2025/26
Adult Social Care	3,994
Business Services	0
Children's Services	0
Communities, Economy & Transport	50
Governance Services	0
Total	4,044

Adult Social Care - Proposed Savings			Gross Cashable Saving £'000	Specific or disproportionate impacts relating to protected characteristics										
Service Area	Savings proposal for consultation	Impact assessment	2025/26	Age	Disability	Sex	Gender Reassignment	Ethnicity	Marriage / Civil Partnership	Pregnancy /Maternity	Religion / Belief	Sexual Orientation	No impacts identified	Further Information
Older People's Directly Provided Services	Phoenix Centre - Lewes: Proposal to close the day service for older people with physical and mental health needs, and to support people to access alternative services in the community.	Potential reduction in choice and control for individuals currently using these services, including people in some rural areas. Potential disruption caused by changing provision, potential loss of friendship networks, and increased concern for carers (although measures will be put in place to minimise this risk).	191	Y	Y									Carers are also impacted
Learning Disability Directly Provided Services	Linden Court - Eastbourne and Beeching Park - Bexhill: Proposal to close the Linden Court day service for people with a learning disability, and to merge with the Beeching Park day service or to support people to access alternative services in the community.	Potential reduction in choice and control for individuals currently using these services, including people in some rural areas. Potential disruption caused by changing provision, potential loss of friendship networks, and increased concern for carers (although measures will be put in place to minimise this risk).	200		Y									Carers and rurality are further impacted characteristics
Learning Disability Directly Provided Services	Steps to Work (including Shine Car Wash at County Hall, Lewes) - Countywide Service: Proposal to close the service, which helps people with a learning disability to prepare for, access, and retain employment and to support people to access alternative services in the community.	Potential reduction in choice and control for individuals currently using these services, including people in some rural areas. Potential disruption caused by changing provision, potential loss of friendship networks, and increased concern for carers (although measures will be put in place to minimise this risk). Potential impact on employment for individuals (although measures will be put in place to minimise this risk).	194		Y									Carers and rurality are further impacted characteristics
Learning Disability Directly Provided Services	Hookstead Day Service – Crowborough and St Nicholas Centre – Lewes: Proposal to close the Hookstead day service for people with a learning disability, and to merge with the St Nicholas Centre day service or to support people to access alternative services in the community.	Potential reduction in choice and control for individuals currently using these services, including people in some rural areas. Potential disruption caused by changing provision, potential loss of friendship networks, and increased concern for carers (although measures will be put in place to minimise this risk).	124	Y	Y									Carers and rurality are further impacted characteristics
Vulnerable Adults Supported Accommodation	Supported accommodation provision for vulnerable adults: Proposal to cease on-site support to develop independent living and tenancy sustainment skills, and support to access training, qualifications and employment.	Potential increased risk of people becoming homeless. Potential impact on district and borough councils, which have statutory responsibility for housing. Potential impact on care management teams in adult and children's social care, and potential impact on health services.	129	Y	Y									Carers are also impacted
Adults with Mental Health needs Supported Accommodation	Supported accommodation provision for adults with mental health needs: Proposal to cease on-site support to develop independent living and tenancy sustainment skills, and support to access training, qualifications and employment.	Potential increased risk of people becoming homeless. Potential impact on district and borough councils, which have statutory responsibility for housing. Potential impact on care management teams in adult and children's social care, and potential impact on health services.	178	Y	Y									Carers are also impacted
Housing - Related Floating Support	Housing related floating support provision: Proposal to significantly reduce funding for this service which supports people aged 16+ years with their housing, or helps them to stay in their own home.	Potential increased risk of people becoming homeless. Potential impact on district and borough councils, which have statutory responsibility for housing. Potential impact on care management teams in adult and children's social care, and potential impact on health services.	1,937	Y	Y	Y				Y				Carers and rurality are further impacted characteristics

Adult Social Care - Proposed Savings			Gross Cashable Saving £'000	Specific or disproportionate impacts relating to protected characteristics										
Service Area	Savings proposal for consultation	Impact assessment	2025/26	Age	Disability	Sex	Gender Reassignment	Ethnicity	Marriage / Civil Partnership	Pregnancy /Maternity	Religion / Belief	Sexual Orientation	No impacts identified	Further Information
Substance Misuse Contracts	Drug and Alcohol Services: Proposal to cease the funding of drug and alcohol recovery services when the current contracts for carers service, street community service, and support networks end.	If the reduction in recovery services contributes reduced relapse prevention, then there is a potential greater demand for treatment services, and possible increase in drug and alcohol related harm. Reducing recovery services funding may also present a barrier to receiving future grants.	234		Y									Carers are also impacted
Learning Disability Directly Provided Services	Community Support Services: Proposal to cease the service which currently supports adults living independently at home and to adapt the service for adults living in supported accommodation, and to support people to access alternative services. The service supports with tasks such as shopping, preparing meals, and accessing the community. People living at home would be found alternative support in the community, while Supported Living services would be reconfigured so an individual's support was all provided by the accommodation based staff.	Potential impact on individuals with a learning disability receiving support in their own home and in the community, including the possible reduction in opportunities to participate in community activities.	286		Y									Carers and rurality are further impacted characteristics
Older People's Directly Provided Services	Milton Grange day service - Eastbourne: Proposal to close the Milton Grange day service for older people with a range of physical and mental health needs associated with dementia, and support people to access alternative services in the community. Milton Grange community outreach service - Countywide: Proposal to cease the specialist mental health community outreach service and provide services via existing universal services.	For day services: Potential reduction in choice and control for individuals currently using these services, including people in some rural areas. Potential disruption caused by changing provision, potential loss of friendship networks, and increased concern for carers (although measures will be put in place to minimise this risk). For MH community outreach: Potential impact in choice and control for individuals currently using the service, as they would need to access universal services.	521	Y	Y									Carers are also impacted
TOTAL - Adult Social Care			3,994											

Communities Economy and Transport - Proposed Savings			Gross Cashable Saving £'000	Specific or disproportionate impacts relating to protected characteristics										
Service Area	Savings proposal for consultation	Impact assessment	2025/26	Age	Disability	Sex	Gender Reassignment	Ethnicity	Marriage / Civil Partnership	Pregnancy /Maternity	Religion / Belief	Sexual Orientation	No impacts identified	Further Information
Waste	Introduction of a booking system for all East Sussex County Council household waste recycling sites	The introduction of a booking system will mean less queueing to deposit waste, and reduced costs for the County Council through better policing of trade waste. There is no evidence that suggests a booking system increases fly tipping. This proposal would make the visit to a tip an easier experience and it should be possible to book slots 'on the day' depending on demand.	50	Y	Y									
TOTAL Communities, Economy & Transport			50											