

## REPORT OF THE CABINET

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The Cabinet met on 17 July and 18 September 2018. Attendance:-

Councillor Glazier (Chair) (2)

Councillors Bennett (2), Bentley (2), Elkin (2), Maynard (2), Simmons (2), Standley (2) and Tidy (2)

### 1. Council Monitoring – Quarter One 2018/19

1.1 The Cabinet has considered a report on performance against the Council Plan, Revenue Budget, Capital Programme, Savings Plan and risks for Quarter 1 2018/19. Broad progress against the Council's four strategic priority outcomes is summarised below and an overview of performance and finance data is provided in the Corporate Summary at Appendix 1. Strategic risks are reported at Appendix 7 and a detailed report for each department is provided in Appendices 2 to 6.

Carry over report for Council Plan 2017/18

1.3 Seven measures were carried over from quarter 4 reporting on the 2017/18 Council Plan. Measures are carried over when action has been completed but the outturn data was not available for reporting at the year-end. Outturns for these measures are summarised in Appendix 2 - Adult Social Care and Health. The final outturn for 2017/18 shows that 83% (54) of the 65 Council Plan measures were green, while 17% (11) were red; exceeding the 80% target for the year.

Council Plan 2018/19 amendments and variations

1.4 Following year-end the Council Plan and Portfolio Plans 2018/19 – 2020/21 have been refreshed with completed outturns and some changes to the performance measures and targets. The updated plans are available on our website.

1.5 The Cabinet has agreed amendments to the following measures to reflect the latest position:

- Appendix 2 (see ref iii) – 'Number of carers supported through short-term crisis intervention': following the agreement of the savings proposals by Cabinet in June, it was agreed that the target for the number of carers supported through short-term crisis intervention be reduced by 10%, in line with the proposed savings. New 2018/19 target of '675' proposed to replace '750'.
- Appendix 2 (see ref iv) – It was agreed that the measure wording is amended from: 'Number of new service user **assessments** completed as part of the Integrated Lifestyle Service' to 'Number of new service user **interventions** completed as part of the Integrated Lifestyle Service'.

1.6 East Sussex Better Together (ESBT) partners, alongside other NHS organisations across the Sustainability Transformation Partnership, are experiencing significant financial challenges. NHS England and NHS Improvement, as the system regulators, require plans to be developed and action taken to address current budget deficits. Although a key part of this work is achieving improvements to the financial position in this year, the commitment from all those involved remains the long term sustainability and delivery of the best possible outcomes for East Sussex residents, in line with agreed ESBT objectives. The Council has committed to extending the ESBT Alliance Agreement until 2020 and proposals on the next steps for integration will be presented to the partner organisations shortly.

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1.7 At quarter 1, the projected year-end overspend within service departments is £4.2m. This will be offset by an underspend in Centrally Held Budgets and use of the General Contingency (as noted in paragraph 1.10). The main areas of overspend are:

- £2.6m overspend in Children's Services (CSD): the key areas being Early Help and Social Care due to increases in agency placements for young people with extremely complex needs within Looked After Children (LAC); and Education and ISEND due to increased pressure on placements for disabled children and the costs of agency staff in the disability residential units – the service is working to reduce this pressure through restructuring and vacancy control.
- £1.3m overspend in Adult Social Care: mainly due to increased activity and fee increases to support the market within the Independent Sector budget and cost pressures within Directly Provided Services (DPS). Within DPS there has been an increased demand for Meals in the Community; and increased staff costs at Firwood House and Milton Grange. Pressures at Milton and Firwood will be permanently mitigated once the service changes and savings agreed by Cabinet in June have been delivered.

1.8 At year end 2017/18 reserves of £1.748m were set aside to mitigate savings from 2018/19 (£1.561m CSD Early Help, £0.162m Communities, Economy and Transport (CET) Waste, and £0.025m CET Libraries). The savings forecast (table at Appendix 1 Corporate Summary) is showing £0.740m of unachievable savings and £0.033m as yet unmitigated slipped savings, both in CSD. These form part of the overall £2.6m overspend for that department.

1.9 There is an estimated forecast underspend of £0.3m on Business Rates; the result of higher than budgeted receipts as they were originally set at a prudent level due to low forecasts from pooling arrangements.

1.10 Within Centrally Held budgets, the Treasury Management budget is currently forecast to underspend by £0.5m at quarter 1. Mainly due to slippage on the capital programme resulting in potentially no borrowing externally in 2018/19. Additionally a general contingency provision of £3.5m is held; as stated at paragraph 1.7 this will be used in the first instance to offset the service overspend, with the remaining provision transferred to reserves for use in future years, in line with the Reserves Policy.

1.11 The quarter 1 capital programme is monitored against the revised programme submitted to the Council as part of State of the County in June. The forecast expenditure for the year is projected at £104.8m against a current budget of £106.4m, a variation of £1.6m. The variation comprises of slippage of £1.6m on the following projects:

- Hastings and Bexhill movement and access package, £1m slippage due to a lack of resources available to progress the scheme;
- Exceat bridge, £0.1m slippage due to delays with the planning application;
- Queensway Depot (formerly Eastern Area Depot), £0.5m slippage due to ongoing negotiations on the purchase of a bungalow to allow site access.

1.12 The Cabinet has agreed changes to charges for parental contributions for post 16 Transport as set out in Appendix 4.

1.13 The Strategic Risk Register, Appendix 7, was reviewed and updated to reflect the Council's risk profile. The post mitigation score for Risk 6 (Local Economic Growth) has reduced, giving this risk a 'Green' RAG score.

### Progress against Council Priorities

#### Driving sustainable economic growth

1.14 The final business case for the Newhaven Port Access Road was approved by the Department for Transport (DfT) in August 2018, securing the remaining £10m of funding to take the project forward. Construction is now scheduled to commence in October 2018 (Appendix 5).

1.15 Business support programmes have helped local businesses create 77.5 jobs in quarter 1, with advice, loans and grants. 10 businesses were supported by Locate East Sussex, our inward investment service, to either move into, or relocate within, the county (Appendix 5).

1.16 19 carriageway asset improvement schemes were completed in quarter 1 to maintain and improve the condition of the county's roads (Appendix 5).

1.17 There are over 40 Teaching Assistants undertaking a Supporting Teaching and Learning apprenticeship within maintained schools as part of the Apprenticeship Levy. The Council has been approached by the Local Government Association to share best practice with other councils on the approach we have taken with schools in response to the Levy (Appendix 3).

1.18 Three contracts have been awarded in quarter 1 that were within the scope of the Social Value Measurement Charter (SVMC). The contracts, worth £852,000, secured £89,000, or 10.5%, in social value commitments, including apprenticeship opportunities and volunteering hours (Appendix 3).

1.19 Transport for the South East (TfSE) published its Economic Connectivity Review, which is the first stage of developing a Transport Strategy, at an engagement event on 8 May 2018. It was also announced at the event that TfSE will receive a further £1m grant from the DfT to assist with the development of the Transport Strategy (Appendix 6).

### Keeping vulnerable people safe

1.20 Children's Services were inspected by Ofsted between 16 to 20 July 2018. The outcome of the inspection was published on 4 September and Children's Services were judged to be outstanding overall. A summary is included in Appendix 4 and a full report is provided in paragraph 3 of this report.

1.21 The Safer East Sussex Team delivered 41 online safety workshops in quarter 1, to approximately 400 parents and carers in primary schools in Seaford, Heathfield, Hastings and Polegate. The sessions aim to empower parents and carers to support children who may be vulnerable to grooming and harmful online behaviours and provide practical information on free monitoring tools and ways to check their children's online activity (Appendix 2).

1.22 Trading Standards Officers made 61 positive interventions in quarter 1, 55 of these were to protect vulnerable people who were at risk of becoming victims of rogue trading or fraud, while six were to install call blockers to help prevent vulnerable people receiving fraudulent/scam telephone calls (Appendix 5).

1.23 The Safer Communities Board's annual consultation and engagement event Safer People Safer Places was held in quarter 1. The event focussed on our current Safer Communities priorities and asked partners to consider whether the Board is addressing the key issues in its priorities, and whether there are any new or emerging issues which should be considered. The results will be used in the refresh of our Strategic Assessment (Appendix 2).

### Helping people help themselves

1.24 2017/18 marked the end of the current five year cycle for NHS Health Checks (reported a quarter in arrears). During this cycle the Council achieved the highest proportion of people being offered and receiving their Health Check in the South East. Most NHS Health Checks are provided by GPs, however in addition to these the Integrated Lifestyle Service (ILS) commenced providing additional Health Checks in community settings in October 2017, the ILS is targeting areas where GP provision is lower or people are less likely to come forward (Appendix 2).

1.25 There are currently 186 members signed up to Support with Confidence, including Personal Assistants and businesses. This is a reduction on the outturn at the end of 2017/18, 197, however there are 73 current applicants awaiting approval to join the scheme so we're confident of hitting this year's target of 217 members by the end of 2018/19 (Appendix 2).

1.26 The levels of Delayed Transfers of Care (DToC) have continued to reduce in quarter 1; there were 45 DToC from hospital per day in May 2018, down from 101 in May 2017 (a 55%

reduction). Of these 45 days, 34 were due to the local NHS, an improvement from 65 in May 2017; 9 were due to Council social services, an improvement from 34 in May 2017; and two were attributable jointly to Council services and the NHS, there were also two in May 2017 (Appendix 2).

1.27 The Council's £1m Road Safety Programme has progressed in quarter 1, with the behaviour change initiatives being further developed and detailed trials of these initiatives drawn up. The trials will begin during summer 2018 and continue until the end of 2019. A series of adverts specifically targeting young male drivers have also been devised, and are also due to be launched in summer 2018. A range of social media platforms will be used to deliver the key road safety messages to young men and their passengers to reduce the risk of collisions. A number of infrastructure improvement schemes to improve road safety are also being developed, two speed reduction schemes have been agreed with Sussex Police, and a further eight improvement schemes have been identified (Appendix 5).

#### Making best use of resources

1.28 Orbis Public Law (OPL), our partnership with the Legal Services of Brighton & Hove City Council and Surrey and West Sussex County Councils, have continued to work with HM Court Service to implement digital courts for public law children proceedings. Digital courts are now running across the Court Service in Surrey and are being phased in across Sussex. Coupled with OPL's digital management of cases the introduction of digital courts removed the need to print and deliver paper court bundles for all child protection proceedings (Appendix 6).

1.29 The Council has continued to lobby decision makers and influencers in quarter 1, on issues including the need for sufficient resources for the Council to deliver its core services. Lobbying work in quarter 1 has included, amongst other activities: meetings between the Leader and Chief Executive and local MPs; the Leader writing a letter to the Secretary of State for Housing Communities and Local Government explaining the challenges facing the Council and inviting him to visit East Sussex; and providing a briefing pack to the BBC on the current financial position and the need for Adult Social Care to be placed on the same footing as health (Appendix 6).

## **2. Reconciling Policy, Performance and Resources – State of the County**

2.1 The State of the County report is part of the Council's Reconciling Policy, Performance and Resources (RPPR) process, the Council's integrated business and financial planning cycle. The report sets out the context and provides an overview of the latest position in preparation for more detailed planning for 2019/20 and beyond. The Council spends over £370m net each year and it is vital that these resources, in partnership with others, are deployed in the most effective way.

2.2 The report sets out the policy and financial context within which the County Council is working. The next three years will see more reductions in Government funding. Together with the growth in demand for services, particularly for older people, this means that, notwithstanding the value for money our services offer and the high Council Tax paid by local people, the services we can offer will be constrained. The report sets out the Core Offer, which will be funded according to our priority outcomes, and is the best service offer we are likely to be able to afford. It will fulfil our duties, offer support to those most in need, preserve some level of early help and prevention and assist with the economic development of the County. There are many variables, but we may reach this level of service by the end of 2020/21 and there is no guarantee that we will have sufficient resources to deliver even the Core Offer sustainably beyond that date unless the Government addresses our fundamental funding issues, which we share with much of local government.

2.3 The Local Government Association (LGA) has estimated that there will be a £5.8bn funding gap by 2019/20 in local government nationally and the County Council Network (CCN)

has carried out research which shows that many County Council leaders are not confident that they can deliver balanced budgets beyond 2020/21 without additional cash from the Government.

#### Council Priority Outcomes

2.4 The Council's business and financial planning is underpinned by its four priority outcomes, which provide a focus for decisions about spending and savings and will direct activity across the Council.

2.5 The current four priority outcomes are:

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

The priority outcome that the Council makes the "best use of resources" is a test that is applied to all activities.

2.6 Those services across all departments which make the most significant contribution to achieving the outcomes under each of the priority areas have been prioritised for investment and, where possible, given relative protection from the requirement to make reductions. The scale of the savings the Council has delivered and the extended period over which savings have been required means, however, that the scope for making savings in non-priority areas is very constrained and therefore savings in areas which support our priorities continue to be inevitable.

#### Demand Changes and Pressures and Financial Background

2.7 The next three years will see demand for services continue to rise due to demographic pressures. The main changes affecting demand are set out below in paragraphs 2.8 – 2.11 below.

#### Older People

2.8 Demand for Adult Social Care (ASC) will continue to increase, both as a result of the growth in the proportion of older people and the complexity of their needs with increasing longevity. The proportion of people over 65 in East Sussex is considerably higher than nationally – 25.6% in East Sussex compared to 18% in England. By 2022 this will have risen to 26.7% (19% in England) and by 2031 it will be 31% (22% in England). The proportion of those aged over 85 is already significantly higher in East Sussex than nationally and will continue to rise sharply. It is this group that are the most likely to need our services.

2.9 This increased demand is partially recognised by the Government, which has responded by making a series of short term, one off funding streams available to Councils and the NHS. It has also allowed councils with ASC responsibilities to raise an additional Council Tax levy to contribute to meeting those pressures. In June the Government announced an additional £20bn for the NHS between 2019/20 and 2023/24, to be made through a series of above inflation annual increases. No additional money for social care has been announced, despite it serving the same population and being crucial to getting and keeping people out of hospital. A much delayed Green Paper on older people is anticipated to make some positive suggestions about how the funding gap in social care can be addressed, but this is unlikely to result in legislative and long term funding changes in the next three years.

#### Children and Young People

2.10 The number of young people (aged 0-17) will increase by 2.7% in the next three years. We will need to provide school places both in the right areas and of the right kind of provision to meet demand.

2.11 The number of children in need of help and protection also continues to rise locally and nationally, due to the increase in families experiencing financial difficulties leading to neglect and a rise in child exploitation through drug related and other behaviours. Additionally there is a growth in the numbers of children with statements of Special Educational Needs and Disability (SEND) or Education Health and Care Plans (EHCPs). Coupled with the extended period over which Councils have been made responsible for the education of children with SEND to 25 years old, which was unfunded, this adds considerably to the pressures in Children's Services. The LGA has estimated that there will be a £2bn shortfall in the national funding for Children's Services by 2020.

### The Economy

2.12 Whilst improving, the economy in East Sussex still underperforms the rest of the South East. We need to keep on creating good quality jobs so that the county's economy continues to improve and to ensure that people have the right skills to take advantage of those jobs, to help local residents live prosperous, healthy and self-sufficient lives.

### Housing and Infrastructure

2.13 The key issues in this area are the growth in the number of households in the county and the need to provide suitable accommodation for the new and smaller households that will constitute the increase. In addition, the affordability gap between house prices and wages means that home ownership is unachievable for many. If these housing needs are not met it could lead to an increase in the numbers of people living in poor or unsuitable accommodation. The resulting health and social issues have direct costs for the County Council. Lack of suitable accommodation for older people could mean more entering care earlier than needed.

2.14 We have made and attracted considerable infrastructure investment into the county, but there is still much that needs to be done in terms of road and rail investment in particular to support the housing growth the county needs and to allow people in and moving to the county to access high quality employment.

### Resource Background

2.15 In addition there are additional cost pressures from general inflation, increases in contract prices, wage rises and changes to the national minimum wage. The Government is working on a funding formula to decide how nationally retained business rates will be distributed to local authorities. Only 75% of the available funding will, however, be redistributed to councils.

2.16 Any growth in the Council's resources will need to come from either local Council Tax or business rates. Council Tax for East Sussex County Council is the 5th highest of any county in England. When district precepts are taken into account, Council Tax in county areas is higher than in other English areas. Business rate growth in East Sussex has been fairly flat historically.

2.17 Nationally the issues caused by Brexit and the announcement of additional funding for the NHS means that the Government's capacity to deal with wider social issues is limited and the scope for funding to address problems outside of the health service is limited. The national context in which our local issues are set and which will need to be taken into account in the Council's plans is set out in Appendix 9.

### Current Position

2.18 The County Council plays a key role in the quality of life of the residents, communities and businesses of East Sussex through services, employment, purchasing and how we work in

partnership with others. Against a background of ever diminishing resources and increasing demand, especially in social care, the County Council has been working over the last eight years to ensure that the core set of services and infrastructure most needed from the Council is available to residents and businesses and to ensure we work in a way that supports people to be actively involved in their communities and solve the issues that are most important to them.

2.19 We have worked to ensure:

- What we do represents good value for money;
- Our activities are transparent and we can be held to account;
- We operate as One Council and focus on key areas for County Council action;
- We prioritise the investment available for front line service delivery by maximising the resources available to us through income generation, treasury management and working in partnership with other organisations;
- We remain true to our purpose and carry out all we do professionally and competently; and
- We remain ambitious, optimistic and realistic about what can be achieved.

2.20 Robust and innovative management means we have transformed the way the Council works and managed to make £129m in savings since 2010 (including those planned for 2018/19). We have done everything possible to make the most of the money available. We have a joint back office function with Surrey County Council and Brighton & Hove City Council; we have implemented excellent early help arrangements in Children's Services which have helped us to avoid the level of rise in the number of children being taken into care that has been seen elsewhere in the country; and we have put in place some excellent services to support health and social care integration.

2.21 Making savings on this scale has not, however, been easy or without impact on front line services. The Council has had to reprioritise its investment and reduce the extent and breadth of its service offer. This has meant significant impacts in community based ASC services, in assessment and care management staffing levels, in family centres, in the universal youth service offer, in the libraries and cultural offer and the amount spent on the highways network and the public realm. The scale of the savings the Council has needed to make to date and the continued pressure on budgets in the future mean that, despite continuing commitment to maximise efficiency and generate income, it will have to concentrate services on those in most urgent need and will not be able to maintain a comprehensive offer of universal services to all residents. Currently we spend 64% of our net revenue budget on Children's Services and ASC and only 17% on the universal services provided by Communities, Economy and Transport.

2.22 Local Government has to date borne the brunt of austerity and savings it has been required to make are higher than in most areas of government expenditure. All Councils, particularly those with high levels of social care demand, are facing real challenges. Budget analysis of the County Councils carried out by the CCN shows that they face funding pressures amounting to £3.2bn over the next two years alone, £1.8bn of which are due to projected demand and future inflationary pressures - £1.2bn of which is attributed to Children and ASC. Our demographic means, however, that we have already had to make choices that others are only just beginning to face in order to meet the needs of our vulnerable elderly people, whilst continuing to provide a basic level of service to the rest of our population.

### Our Core Offer

2.23 With so much already taken out of our budget and more still to save, the County Council now needs to articulate a Core Offer of the realistic level of service we must provide, not merely to meet our statutory duties but to meet real local need. It will need to include an element of early intervention and prevention to prevent an escalation of urgent need and more expensive interventions. It will also include work to support the economy of the county – helping to ensuring

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that local people have access to well paid, high quality employment is one of the most important things we can do to build resilience and reduce dependency on public services. The Cabinet agreed that a Core Offer be developed on the basis set out below.

### Highways

2.24 Our core offer:

- Provide sufficient maintenance to keep our highways, footpaths, verges, street lighting and traffic signals safe to use.

### Community Services

2.25 Our core offer:

- Provide core archives and records services;
- Provide a statutory trading standards service (e.g. inspections and sampling for high risk food, animal disease control and prosecutions and enforcement actions);
- Provide a statutory Road Safety service:
  - carry out studies into road accidents, and take measures to prevent such accidents;
  - undertake Road Safety Audits on all internal highway improvement schemes;
- Provide a modern and sustainable Library and Information Service, based on current and future needs, and set up support for communities who wish provide a more local service;
- Provide a Gypsy and Travellers service and maintain Bridies Tan transit site and the four permanent traveller sites in East Sussex;
- Provide a core Emergency Planning service ; and
- Provide Registration Services.

### Transport

2.26 Our core offer:

- Manage the National Concessionary Fares Scheme in East Sussex; and
- Operate Civil Parking Enforcement where it has been implemented.

### Economy

2.27 Our core offer:

- Act as a strategic authority that intervenes, in partnership, decisively and cost effectively where it can make a difference, especially by leveraging in external funding.

### Waste Disposal

2.28 Our core offer:

- Dispose of household waste collected by the borough and district councils (Integrated Waste Management Services (PFI) Contract); and
- Provide a limited number of household waste disposal centres.

### Planning & Environment

2.29 Our core offer:

- Statutory Planning Service and Development Control service;
- Statutory Flood Risk Management; and
- Statutory Strategic Transport Planning (including delivery of the Local Transport Plan).

### Support to schools and pupils

2.30 Our core offer:

- Plan for the right number of school places in the right locations in the county
- Administer a school admission process;
- Commission and purchase Home to School Transport where there is a statutory duty to do so;
- Safeguard children and young people;

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- Manage referrals and undertake statutory assessments of children with SEND and commission suitable placements;
- Monitor performance of all schools: advise the Regional Schools Commissioner about concerns relating to academies and identify support for maintained schools at risk of being judged to have serious weaknesses or being placed in special measures by OFSTED;
- Work with schools to support vulnerable pupils who are at risk of or have been excluded or who are not attending; and
- Ensure children who are being educated at home receive suitable provision.

### Children's Social Care

#### 2.31 Our core offer:

- Provide care and support for children and young people where there is evidence that they have suffered significant harm or are at immediate risk of significant harm and provide an alternative home for children who are unable to live with their parents or in their extended family;
- Commission the health visiting service to undertake statutory checks and provide help and advice to parents;
- Provide key worker support for those families covered by the Government's Trouble Family programme and payments; and
- Arrange youth provision where others fund it but think we are best placed to deliver.

### Older people and working age adults

#### 2.32 Our core offer:

- Assess and meet critical and substantial need and commission and deliver services that meet that need directly or through the independent and voluntary sectors;
- Engage with the market to ensure that they are aware of and can meet current and future need; and
- Ensure a robust safeguarding system to protect vulnerable people.

#### 2.33 This will be delivered through:

- Health and Social Care Connect – which allows people to
  - report abuse or neglect;
  - apply for care and support; and
  - get support for a carer.
- Locality Teams – multidisciplinary teams of professionals from health and social care. These can include nurses, therapists, social workers and proactive care practitioners to provide consistent care for local people;
- Joint Community Rehabilitation - occupational therapists, physiotherapists and support workers to provide re-ablement and rehabilitation services which help people restore or minimise loss of function and maximise independence and/or wellbeing;
- Equipment and Technology to support independent living; and
- Supporting People – where it provides a replacement for direct care.

### How we will work

#### 2.34 Our core offer:

- Members will be supported to fulfil their role as the democratic voice of local people;
- We will be open and transparent about what we do and the decisions we have made and provide information about how we run things;
- We will engage with local people and communities about their aspirations for the lives and respond to their feedback; and
- We will give the best possible customer service.

2.35 The Core Offer will be further defined and costed over the summer and used as the basis for business and financial planning in the next three years. The scope and remit of service

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reviews currently underway will also be reviewed to ensure that they fit within the Core Offer and the resources likely to be available in three years' time.

2.36 Having defined this offer we need to ensure that the public and businesses are aware of it. We also need to engage with them in a discussion about the new offer to the community. The discussion will need to provide assurance that we will continue to strive to deliver the best Core Offer we can within the resources available; but that we also need to encourage and support behaviour change in our communities which will help to deliver positive outcomes for the county and create resilience in places where the Council can no longer step in.

### Medium Term Financial Plan

2.37 The Medium Term Financial Plan (MTFP) is set out in Appendix 10.

2.38 The projection of Government funding is based on what has currently been confirmed in the latest Local Government Financial Settlement. ESCC's funding will reduce by a further net £16.9m over 2019/20 – 2021/22. In the same period there are unavoidable costs to cover projected inflation and demographic pressures of £65.3m. This equates to a real term loss of purchasing power over this 3 year period of £82.2m. Forecast increases in Council Tax receipts brings £35.8m additional funding but this still leaves a shortfall in spending power of £46.4m, which represents the current forecasted savings requirements.

2.39 The updated MTFP sets out a worst case scenario deficit budget position by 2021/22 of £46.4m.

<b>Medium Term Financial Plan</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Total Resources	(373,957)	(381,025)	(390,409)
Total Expenditure	389,713	415,020	436,769
<b>Total Budget Deficit</b>	<b>15,756</b>	<b>33,995</b>	<b>46,360</b>

2.40 This position excludes the potential positive impacts of a number of national funding streams. Whilst there isn't enough certainty to include additional funding in our MTFP, more money may become available though:

- The Fair Funding Review: a revised formula for Local Government funding allocation is awaited and the Government's timetable indicates that baseline funding levels and finalised transitional arrangements will be ready by autumn 2019, for implementation in 2020/21.
- Older People Social Care Green Paper: now delayed until the autumn but unlikely to provide additional funding until after Comprehensive Spending Review (CSR) and General Election. The Government may make announcements in the Autumn Budget of interim funding arrangements for Social Care to complement the funding it has announced for the NHS.
- Business Rates Retention: the Government are working on a mechanism to move to 75% retention locally of Business Rates. There is also potential for further pilots for 2019/20 but we await the invitation to bid and details of pilot requirements to be published.
- Comprehensive Spending Review 2019: Central Government is set to review funding allocations to all departments, which will impact from 2020/21 but no information is available at this stage.

2.41 There is uncertainty about the future of the Public Health Grant (2018/19 - £27.3m). Government currently plans to remove the ring-fence and to subsume the grant within the Business Rates Retention system. There is significant risk that funding will not be sufficient to meet current levels of Public Health service provision.

2.42 There are therefore a range of financial scenarios that we could face over the next three years.

#### Financial Scenarios

2.43 There are a number of potential additional or new funding streams or permissions which have currently been excluded from the MTFP, due to the level of uncertainty about whether they will materialise. Appendix 10 sets three possible scenarios based on the availability of additional funding for ASC, Children's Services, Council Tax and business rates. The scenarios potentially reduce the savings figure of £46.6m down to between £39.5m and £12m. The lower target is unlikely to materialise – but additional funding for ASC could become available later in the year. The scenarios will be modelled into the development of the Core Offer and will help us to develop further lobbying activity.

#### Capital Programme

2.44 The approved programme has now been updated to reflect 2017/18 outturn and other approved variations and other updates, the details of which are set out in Appendix 11 including the revised programme.

2.45 A summary of the movements in the gross programme are set out in the table below, further information on each item can be found at Appendix 11:

	£m
Total Programme at Feb 2018 (gross)	444.2
2017/18 Outturn	(81.7)
Net nil variations	15.0
Approved business case – Conquest centre	0.3
<b>Total Programme at July 2018</b>	<b>377.8</b>

2.46 The borrowing requirement at February 2018 was £109.7m. This can now be reduced to £85.6m, primarily due to use of borrowing in 2017/18 of £13.8m, additional capital receipts of £13.7m together with additional grant funding of £1.8m that can support the current planned programme. This does not include borrowing for the risk provision which has been revised to £7.5m to reflect the current programme.

2.47 The proposed 2018-23 Capital Programme is therefore £377.8m gross, funded by £92.1m specific income, giving a net budget of £285.7m before any risk provision.

#### Lobbying

2.48 Over the last year the Council has carried out extensive lobbying to raise awareness of the issues affecting the people of East Sussex and the effects that reductions in Government funding are having on our ability to support local people. We will continue to impress on the Government that we are already close to the Core Offer. The reduction in resources we face and the growth in demand for children's and adult social care due to demographic growth and change could make the offer unviable beyond 2020/21 unless the financial outlook changes. Although all councils with demand led services are experiencing financial challenges, the County's demographic means that we face now the problems that will not hit others until much later.

2.49 We will lobby, both on our own and with others, for the urgent funding the Council needs in the next financial year to make our services sustainable in the long term and for the removal of those Government requirements that would not be our highest priorities if we were able to target

our resources at areas of greatest need. For example, the £8m we are obliged to spend on concessionary fares for older people would provide care packages to allow 700 of the most vulnerable people in this group to continue live independently.

**Next Steps**

2.50 The Core Offer will be developed and costed over the summer. It will form the basis of our future lobbying work and discussions with residents, businesses and partners about what we can realistically provide and how we can help to create resilience in places where the Council can no longer step in.

2.51 More detailed plans will be considered by Cabinet and Scrutiny Committees throughout the autumn in the lead up to our budget setting meeting in February 2019.

**3. Ofsted Inspection of East Sussex County Council's Children's Services**

3.1 East Sussex County Council was inspected by the Office for Standards in Education, Children's Services and Skills (Ofsted) in accordance with the framework and evaluation schedule for Inspections of Local Authority Children's Services (ILACS) from 16 - 20 July. This is a new inspection framework which was introduced in January 2018. As the Council's overall judgement under the previous Single Inspection Framework, in February 2014 was good, this was a short, one week inspection rather than a standard two week inspection.

3.2 The outcome of the inspection was published on 4 September and is attached at Appendix 12. East Sussex County Council's (ESCC) Children's Services has been judged to be outstanding overall. This is an excellent outcome for the service and for the Council which has made keeping vulnerable people safe, a priority outcome. The judgement for each area of the inspection is set out below.

<b>Judgement</b>	<b>Grade</b>
The impact of leaders on social work practice with children and families	Outstanding
The experiences and progress of children who need help and protection	Good
The experiences and progress of children in care and care leavers	Outstanding
Overall effectiveness	Outstanding

3.3 The inspectors spent the majority of their time with frontline staff and the inspection outcome is a reflection of the difference staff make to the lives of children and young people in East Sussex.

3.4 ESCC was one of the first 16 local authorities to receive a standard or a short inspection under the new framework. ESCC is now one of six, out of 150 local authorities, to have an outstanding judgement.

3.5 The report highlighted key strengths including:

- East Sussex leaders set exceptionally high standards for services that support children who need help, protection or care across this large rural local authority while clearly communicating that this is simply what all vulnerable children are entitled to.
- Leaders and managers have successfully established a culture in which talented social workers stay, and where effective social work flourishes.
- The social care workforce is impressively stable and resilient at all levels and in all teams.

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- The East Sussex model of 'connected practice' which is fully embedded, resulting in helpful, enduring and trusting relationships between practitioners, children and their families, sometimes over many years.
- Examples of creative and purposeful direct work with children are widespread, and this leads to substantial improvements in children's lives.
- The local authority is a strong, dynamic learning organisation that encourages self-reflection at all levels.
- Political leaders firmly hold senior managers to account for the quality of practice and performance.
- The well-established and regularly refreshed quality assurance framework is an important instrument in monitoring and continually improving social work practice.

3.6 The report identifies two areas which need to improve:

- The consideration and recording of managers' rationale for the timescales they agree for completing family assessments, in line with each child's presenting needs.
- The clarity and accessibility of letters that are sent to parents when legal proceedings are being considered.

3.7 The areas for improvement will be incorporated into the department's business planning process.

3.8 Despite the very challenging financial context, East Sussex has maintained a focus on the key priority outcome of keeping vulnerable people safe and the Cabinet has welcomed the findings of the inspection and congratulated all staff involved.

18 September 2018

KEITH GLAZIER  
(Chair)