

Report to: **Place Scrutiny Committee**

Date: **15 November 2018**

By: **Chief Executive**

Title of report: **Reconciling Policy, Performance and Resources**

Purpose of report: **To provide an update on the Council's business and financial planning process, Reconciling Policy, Performance and Resources (RPPR), and the Committee's comments and requests for further information.**

RECOMMENDATIONS:

The Scrutiny Committee is recommended to review the attached RPPR Cabinet report of 13 November 2018 and:

- (1) comment on the Core Offer proposals (Appendix 1 to the Cabinet report)**
 - (2) review the Medium Term Financial Plan (Appendix 2 to the Cabinet report)**
 - (3) comment on the areas of search for savings (Appendix 3 to the Cabinet report)**
 - (4) consider any additional information requested at the September Scrutiny Committee meeting on RPPR; and**
 - (5) identify any further work or information needed to aid the Scrutiny Committee's contribution to the RPPR process for consideration at the December RPPR Board, or as part of the Committee's ongoing work programme.**
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1. Background

Core Offer

1.1 The Cabinet agreed in July that the next step of the RPPR process was to ground our planning in a "Core Offer". The Core Offer is an articulation of what officers consider the minimum outcomes a competent and efficient Council could expect to be able to provide by 2020/21 having regard to East Sussex County Council's agreed priorities with the resources it anticipates having available to it over the next three years. Its backdrop is the saving of £129m made over the last 8 years, and the work we have done to ensure we are efficient and maximise the availability of resources to front line services. The Core Offer is ambitious but realistic: seeking to maintain our track record of delivering excellent services, innovation and providing good value for money. The Core Offer is an articulation of what we believe local people most need from the Council. This is based on the Council's agreed priorities, local knowledge, evidence of need and demand and Members' ambitions for East Sussex. It will act as a focus for our planning on how best to deploy the £390m/pa funding we will have by 2021/22.

1.2 The Core Offer is not the ideal that we would wish to be able to provide but seeks to capture what is most appropriate and possible in a time of austerity. We have already removed a number of early intervention and preventative services, which we know help to maintain the resilience of communities and individuals and whose removal may lead to increased costs in the long term. The proposals which form the Core Offer make further reductions in these services. However, building local people's long-term health and wellbeing is better than stepping in when families and individuals are in crisis. So the Council would want to reinvest in these areas if our financial situation were to improve.

1.3 The Core Offer will help us in our lobbying with Government to set out the realistic level of funding we need to continue to serve local people adequately. We have listed both the areas that we consider should be included in the current Core Offer and the proposed current areas that would be excluded. The Core Offer proposed by Chief Officers is set out in Appendix 1 to the Cabinet report. In drawing it up and considering the resources required to deliver it, Chief Officers have aimed to be realistic but ambitious about the level of service that can be maintained with minimum resources. It will however rely on a huge effort by our already reduced workforce, continued creativity and innovation working with our partners and may risk to our ability to meet statutory guidance and deadlines.

Medium Term Financial Plan (MTFP)

1.4 The updated MTFP included in the 13 November 2018 RPPR Cabinet report, indicates that the Council may face a cumulative budget deficit in a worst case scenario of £45.7million by 2021/22 based on projections of income, expenditure and the growth in demand for services. Whilst we have had the Chancellor of the Exchequer's budget announcements which have implications for local government, the direct effect on our position will not be certain until we receive the provisional local government settlement which is expected on 6 December. The Budget included welcome announcements of some additional funding for Children's and Adults' Social Care of £410m nationally in 2019/20. In addition £240m has been announced to help relieve winter pressures on the health system, continuing the winter pressures allocation of £240m already announced for 2018/19. We do not know, however, what the County Council's share of the £410m will be; whether the Government will split the funding between Children's and Adults or whether it will be for Councils to decide how to spend their shares and what, if any, conditions will be placed on the funding. £420m was also announced to fix potholes and carry out other highways repairs in 2018/19. Again we do not know how much of this East Sussex will receive or what restrictions will be placed on the use of funding. The additional funding, whilst helpful, is one off. It will not, therefore, change our savings requirement, unless the Government gives a commitment to replicate the funding for remainder of the MTFP period.

1.5 The RPPR report presented to Cabinet on 13 November sets out a number of other areas of uncertainty. For example we still await the outcome of the bid by East Sussex Councils to be a business rate retention pilot. In the longer term the Government is still working through proposals for future funding of local government once it has removed all Revenue Support Grant. All these factors will have an effect on our MTFP. In addition, work continues on a number of proposals that finance and support the changing costs of service delivery.

Savings Proposals

1.6 The initial areas of search for savings to be considered by Cabinet would still result in a total deficit of £33.4m to be identified. Work continues on the areas of search in relation to the costs of operations and financing.

2. Scrutiny engagement in RPPR

2.1 At the September meeting the Scrutiny Committees discussed the current Portfolio Plans and outline Core Offer contained in the State of the County report. The Place Committee also requested further detail on the Core Offer and the implications for services. Copies of the current year savings plans for 2018/19 requested by the Committee are included in Appendix B.

2.2 The **November 2018 scrutiny committees** are invited to:

- review the Core Offer proposals;
- review the MTFP;
- review the areas of search for savings for 2019/20 - 2021/22 and suggest any amendments or potential alternatives that should be explored; and
- consider any additional information requested at the September meeting in preparation for the RPPR Board in December;
- identify any further work or information needed to aid the scrutiny committee's contribution to the RPPR process for consideration at the December RPPR Board; and

- fine tune the scrutiny committee's work programme to ensure the committee is in the best position to contribute to the ongoing RPPR process.

Appendix A contains the 13 November Cabinet RPPR report, which details the Core Offer proposals, the updated MTFP for the Council for the next 3 financial years and the areas of search for savings.

Appendix B contains the savings plans for 2018/19 requested at the September scrutiny committee meeting.

2.3 The committee's **RPPR Board** will meet on 17 December 2018 to agree detailed comments and any recommendations on the Core Offer, emerging portfolio plans and savings proposals to be put to Cabinet on behalf of the committee in January 2019. The Chairs of the People and Place scrutiny committees are invited to attend the RPPR boards of both committees.

2.4 The **March 2019 scrutiny committees** will review the process and their 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.

2.5 Running alongside this process, there will be a number of opportunities for all Members to engage in the RPPR process.

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Background Documents:

None