

REPORT OF THE CABINET

The Cabinet met on 12 November 2019. Attendance:-

Councillor Glazier (Chair)

Councillors Bennett, Bentley, Claire Dowling, Maynard, Simmons, Standley and Tidy

1. Reconciling Policy, Performance and Resources

1.1 Since the State of the County report in July 2019 there have been some developments which affect our business and financial planning.

National Context Update

Spending Round

1.2 The Chancellor of the Exchequer delivered his Spending Round to Parliament on 4 September. With respect to Local Government the announcement contained additional funding for Social Care for next year, to be funded in part by the ability to levy an additional 2% precept for Adult Social Care and in part by a one year social care grant. The social care grant will not, however, be ring-fenced and there are not expected to be conditions attached to it. The Spending Round also included the roll-over of Better Care Funding for one year and additional funding for the SEND High Needs Block of the Dedicated Schools Grant.

1.3 The Spending Round included announcements that the current business rate pilots would end, except for mayoral areas, but that authorities would be able to revert to previous pooling arrangements. The Government announced its intention to continue the Troubled Families Grant for another year. It has also been announced that the Public Health Grant will be increased by inflation plus 1%, but there is speculation that conditions on the grant may include a requirement for councils to cover the cost of pay rises of public health provider staff and costs associated with the expansion of impact trials for the anti HIV drug PrEP.

1.4 Funding increases were also announced for schools, housing and the police and the fair funding review was delayed until April 2021.

1.5 The new funding for Local Government is very welcome but, with the exception of money raised locally through Council Tax, is for one year only. Whilst it provides us with the opportunity to reprofile savings decisions or to make one-off investments next year, the funding does not change the picture over the medium term financial planning period. This means we do not have the sustainable funding needed to avoid making more savings and to enable us to invest long term in prevention and local priorities. More details of the funding announcements and the anticipated impact on the County Council's budget are set out in paragraphs 1.12 to 1.24 below.

General Election

1.6 The General Election on 12 December adds to current uncertainty as the provisional Local Government settlement will be delayed until after the election and any change in Government could clearly impact on spending plans. A settlement is unlikely to be announced until late December and could be later if there were to be a change of Government. This uncertainty cannot be avoided and planning will continue on the basis of the current Government's announcements.

Local Context Update

1.7 Our Reconciling Policy, Performance and Resources (RPPR) process ensures that both spending and savings proposals are aligned with our priorities: driving sustainable economic

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growth; keeping vulnerable people safe; helping people help themselves; and making best use of resources, with the latter being the test applied to all our activities.

1.8 The scale of the savings the Council has delivered over an extended period means the scope for making savings in non-priority areas is very constrained and therefore savings in areas which support our priorities have been inevitable. It was in the light of this challenge that the Core Offer was developed last year, to set out as clearly as possible the services the Council believes local people need as a reasonable minimum in a period of austerity.

1.9 The Council Plan and medium term financial plan (MTFP) agreed by Council in February are designed to ensure that the Council could still deliver its Core Offer at the end of the 2021/22. The consequent indicative savings for the next two years at that time are set out below.

	2020/21 £m	2021/22 £m	Total £m
Communities, Economy & Transport	1.462	0.917	2.379
Children's Services	2.337	0.268	2.605
Adult Social Care	0.248	0.000	0.248
Business Services / Orbis	1.161	0.787	1.948
Total Departments	5.208	1.972	7.180

1.10 These are the current assumptions underlying our plans. The additional funding announced for next year remains uncertain, but will need to be allocated in line with our priorities and with the aim of ensuring the Council can maintain its Core Offer for as long as possible.

1.11 Our Council and portfolio planning will also need to take account of the Council's recent resolution in relation to climate change and consider what additional actions need to be taken to achieve the target set and how any additional costs arising are to be met.

Medium Term Financial Plan Update

1.12 In the State of the County report the MTFP for 2020/21 to 2022/23 showed a total deficit of £34.4m. There have been a number of national announcements since this report which have now been incorporated in the MTFP. A summary of the movements is shown at Appendix 1.

1.13 The Spending Round 2019 included the allocations for 2020/21 set out in the table below:

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Funding 2020/21	National Funding £m	ESCC Estimated Allocation £m
Improved Better Care Fund (iBCF):		
Improved Better Care Fund	1,513	15
Supplementary iBCF	324	4
ASC Winter Pressures	240	3
Total Improved Better Care Fund	2,077	22
Social Care Grant:		
New Funding 2020/21	1,000	10
Social Care Support Grant	410	4
Total Social Care Grant	1,410	14
SEND High Needs Block Additional funding ¹	700	1
Total Funding	4,187	37

¹ The estimated one-off allocation is £5.8m; until permitted use is known, £1.276m has been allocated to offset SEND pressures.

1.14 The option to raise additional funding by way of a 2% Adult Social Care (ASC) precept was also announced. Cabinet has agreed that the RPPR planning should continue on the basis that the 2% ASC precept is agreed by County Council in February 2020. Whilst pressure is created on individuals by any increase in Council Tax, given the continued pressure on the Council's budget and the lack of certainty about future funding, there is a need to ensure that the Council's base budget is maximised in line with the Government's anticipated view of its spending power. The ASC Precept will raise an additional £18m over the MTFP period.

1.15 The authority is part of the East Sussex Business Rates Pilot for 2019/20. The Government has said that the 2019/20 pilot schemes will not continue. MHCLG has announced that authorities can revert to pre-pilot pooling arrangements. East Sussex Councils have told MHCLG that they would like to do this and are currently awaiting confirmation.

1.16 The technical consultation on the proposed Local Government finance settlement suggests that the Social Care grant is distributed on the basis of the current ASC relative needs formula, adjusted for presumed use of the ASC precept. This would give East Sussex County Council one-off funding of £10.2m.

1.17 It also suggests that Supplementary improved Better Care Fund and ASC Winter Pressures funding will be rolled over into the Better Care Fund for future years, rather than being one-off. This is reflected in the MTFP assumptions.

1.18 More detail has also been provided about the formula for distribution of Revenue Support Grant (RSG); with the proposal to add inflation nationally to the Spending Formula Assessment and not just to authorities with negative RSG, resulting in a fairer distribution of resources nationally. This has been one of ESCC's lobbying points, and will result in an estimated additional £1.5m for the Council in 2020/21.

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1.19 The MTFP currently assumes that the proposed savings of £7.180m set out in paragraph 1.9 above will be delivered. Some options for use of the one-off funding propose reprofiling some of the £1.855m of savings (Appendix 3 paragraphs Q-S)

1.20 Other revisions to the MTFP include normal updates to ongoing models for inflation, Council Tax and Business Rates.

1.21 Quarter 1 monitoring, reported to Cabinet in October, highlighted the significant in-year pressure on Children's Service Social Care. An overspend of £5.6m in Children's Services Looked After Children budget was reported. Actions to reduce the service and financial pressure continue and those identified at Q1 included:

- Contract awarded to London Care Solutions to provide some independent provision to commence in November.
- Exploring the business case for expanding in-house residential provisions.
- Review current procurement approach and ensure learning used from adult services' dedicated team.

1.22 Work is ongoing to identify improvements to forecasting Children's Social Care needs to improve the prediction of future demand and future pressures. It is important that the MTFP is soundly based on evidence and £4.9m has been included in 2020/21 as pressure funding, with a further £2.5m in 2021/22.

1.23 The updated MTFP at Appendix 4 shows a revised deficit position of £25.4m over the period, with additional funding of £6.3m in 2020/21. The additional funding, whilst helpful, is one-off. It will not, therefore, change the Council's savings requirement; neither is it sufficient to close the budget gap over the MTFP period. If the additional one-off funding announced were to become permanent, the Council would still have a deficit of £10.729m over the MTFP period (see table below):

	£m			
	2020/21	2021/22	2022/23	Total
Revised MTFP - current position	(6.313)	21.204	10.468	25.359
MTFP if additional one-off funding was permanent	(6.313)	6.574	10.468	10.729

1.24 The current MTFP is not final as new information and updates are ongoing including: emerging pressures; the outcome of the pensions triennial valuation; confirmation of business rates pooling and the provisional Local Government finance settlement and other Local Government announcements.

Public Health

1.25 The public health Core Offer sets out how we will meet our mandated responsibilities and make the best use of the resources available by targeting action where health inequality is greatest and by using evidence to ensure that interventions are effective. Currently our public health work is funded by a ring-fenced Government grant. As part of the Spending Round, the Government announced its intention to increase the grant by inflation plus 1% in 2020/21, but there may be conditions attached to how the grant is spent. Longer term, the Government's current proposal under the fair funding review is that it is subsumed into local funding. If the specific grant continues, it is expected to reduce over the next few years. While we do not anticipate savings to be needed in Public Health in the next year, the review of services will continue to ensure that whatever resources are available are focused on areas of highest priority,

support the ambitions described within the recently published NHS long term plan where appropriate and deliver on actions that will make the most difference to residents' long term health.

Options for the use of one-off funding

1.26 The one-off funding for 2020/21, announced in the Spending Round, offers the opportunity for Members to review current savings plans. The funding can only be used once and therefore does not change the savings requirement or budget gap over the MTFP period. The funding does provide an opportunity to:

- Reprofile savings;
- Invest in services to reduce future demand; and/or
- Make one-off capital investment.

1.27 Chief Officers have developed options for use of the funding that are a combination of the three and are set out in Appendix 3, paragraphs Q to AD. Chief Officers have developed these options with consideration of the following principles:

- No ongoing revenue costs which add to future savings are created;
- Future pressures and/or demand are reduced;
- The effect on partners is considered; and
- Recognising the MTFP is for 3 years, the funding does not have to be spent in year one.

1.28 The total cost of the options is £12.72m and our current estimate is that there will be £6.313m available, once savings identified in paragraph 1.9 above have been made and Children's and Adult Social Care base funding is increased to take account of pressures.

1.29 The Cabinet has agreed that, subject to funding being available in the budget setting process, not to take the savings identified in the Early Help Keywork 2020/21 (Option R in Appendix 3) in 2019/20 or 2020/21. This service meets the criteria of managing demand and reduces the need for families to draw on more costly social care. The Early Help Review evidenced the impact targeted keywork has in preventing families from needing more intensive social work interventions, and that it helps the Council step families down safely from social work to Early Help (see report to Lead Member, Children and Families [7 October 2019](#)). Early Help keywork helps to support vulnerable families, avoid child safety concerns, and manage the demand for statutory services. Continued investment in keywork staffing and associated costs will help maintain resilience in families.

1.30 Other choices between the proposals will need to be made once the final Local Government finance settlement is known. In the meantime, Cabinet has agreed that Chief Officers continue to develop the proposals in Appendix 3 and invited Scrutiny Committees to consider the suggested proposals, along with any others suggested by Members.

Lobbying and Communications

1.31 Stability and sustainability of funding continues to be urgently needed for Local Government. In the short term, this means pressing the new Government for an early settlement at least equivalent to that announced in the Spending Round. In the longer term we will continue lobby for a future funding settlement which meets the growing needs of our population and which enables us to plan over a medium term period to make the best use of the money we have and which recognises that locally raised business rates and Council Tax cannot meet those needs on their own.

Next Steps

1.32 The RPPR options will be reported to People Scrutiny Committee on 14 November 2019 and Place Scrutiny Committee on 20 November 2019 for their review and input. The Council will, as usual throughout RPPR, engage with its partners about their views.

1.33 The MTFP has been updated to reflect announcements since State of the County was presented to Cabinet on 16 July 2019. The position now shows a revised total deficit over the three-year MTFP of £25.4m. However, due to the nature of the one-off funding projected to be received in 2020/21, there is a surplus of £6.3m in 2020/21. This provides an opportunity to explore options for the use of this one-off surplus. The report sets out the options put forward to date.

2. Scrutiny Review of the Changing Care Market: Adult Social Care Workforce

2.1 The Cabinet has considered a report of the People Scrutiny Committee on its Review of the Changing Care Market: Adult Social Care Workforce. The report of the Scrutiny Committee is included elsewhere on the agenda (item 6). In June 2018 the People Scrutiny Committee established a Scoping Board to explore the range of challenges facing the local care market. The Scoping Board identified four key areas for further scrutiny:

- Public understanding and expectations of social care
- Social care workforce challenges
- Developing care markets
- Increasing community resilience, in particular addressing loneliness.

2.2 The Scrutiny Committee has now completed its review covering the second of these areas – social care workforce challenges.

2.3 The Scrutiny Review of the Changing Care Market: Adult Social Care Workforce is welcomed by the Adult Social Care Department. The Review builds on the work that was being taken forward across the County Council and provides practical recommendations which will help further enhance the support we offer as one council to the independent care sector regarding older people services.

2.4 The Scrutiny Review has sought to develop practical, achievable recommendations that will complement the work already being undertaken to support the independent care sector.

2.5 In welcoming the findings of the Scrutiny Committee, the Cabinet has considered a report by the Director of Adult Social Care and Health (as set out in Appendix 5 to this report) on the specific recommendations and endorsed it as its response to the recommendations

2.6 The Cabinet, in welcoming the report, recommends the County Council to –

- ✧ approve the response of the Director of Adult Social Care and Health on the implementation of the recommendations in the Scrutiny Committee's report.

3. Scrutiny Review of Support for Unaccompanied Asylum Seeking Children

3.1 The Cabinet has considered a report of the People Scrutiny Committee on its review of support for unaccompanied asylum seeking children. The report of the Scrutiny Committee is included elsewhere on the agenda (item 6). In November 2018 the People Scrutiny Committee agreed to establish a Scrutiny Review Board to explore issues relating to the support for Unaccompanied Asylum-Seeking Children (UASC) in East Sussex. Following an initial scoping exercise, a number of lines of enquiry were agreed. These included exploring the scope for

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delivering improved opportunities for mentoring support and social activities; and the potential for Members to help with raising awareness of support for UASC in their local communities.

3.2 The Scrutiny Committee has completed its review covering the areas listed above.

3.3 The Scrutiny Review of Support for Unaccompanied Asylum-Seeking Children is welcomed by the Children's Services Department as it will help enhance the levels of support it already provides to this especially vulnerable group of children and young people. The Scrutiny Review has sought to develop practical, achievable recommendations that will complement the work already being undertaken to support young asylum-seekers

3.4 In welcoming the findings of the Scrutiny Committee, the Cabinet has considered a report by the Director of Children's Services (as set out in Appendix 6 to this report) on the specific recommendations and endorsed it as its response to the recommendations

3.5 The Cabinet, in welcoming the report, recommends the County Council to –

- ✧ approve the response of the Director of Children's Services on the implementation of the recommendations in the Scrutiny Committee's report.

12 November 2019

KEITH GLAZIER
(Chair)