

## REPORT OF THE CABINET

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The Cabinet met on 14 July and 2 October 2020. Attendances:-

Councillor Glazier (Chair) (2)  
Councillors Bennett (2), Bentley (2), Claire Dowling (2), Maynard (2), Simmons (2), Standley (2) and Tidy (2)

### 1. Council Monitoring - Quarter 1 2020/21

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 2020/21. Broad progress against the Council's four strategic priority outcomes is summarised below and an overview of finance and performance data is provided in the Corporate Summary at Appendix 1. Strategic risks are reported at Appendix 7.

Carry over report for Council Plan 2019/20

1.2 Five 2019/20 Council Plan measures were carried over from quarter 4 reporting. Measures are carried over, when action has been completed, but the outturn data was not available for reporting at year-end. Outturns for these measures are summarised in Appendix 2. The final outturn for 2019/20 shows that 82%, 50, of the 61 Council Plan measures were green, while 18%, 11, were red; exceeding the 80% target for the year.

Council Plan 2020/21 amendments and variations

1.3 The Council Plan 2020/21 and the Portfolio Plans 2020/21 – 2022/23 have been updated with available 2019/20 outturns and performance measure targets; all plans are published on the Council's website. There are five education measures where no targets can be set this year because assessments or exams are cancelled due to COVID-19, these are for the Early Year's Stage, Key Stage 2 and Key Stage 4. Targets remain for future years. The Corporate Summary (Appendix 1) contains a forecast of performance against targets.

1.4 Given current circumstances, finance reporting has been split into Planned Budgets/Business as Usual (non-COVID) and COVID related items. The details of non-COVID related over and underspends in each department are set out in the relevant appendices, and show a total forecast overspend of £1.1m. The main headlines are:

- Adult Social Care (ASC) is currently forecast to overspend by £0.2m. This comprises an overspend of £0.6m in the Independent Sector, offset by an underspend of £0.4m in Directly Provided Services due mainly to lower demand in day centres.
- Business Services (BSD) net overspend of £0.7m mainly consists of £0.4m of savings that are unlikely to be made in 2020/21 plus a £0.2m increase in rent at St Mark's House following a rent review.
- For Children's Services (CSD) there is net overspend of £0.7m. Pressures of £1.4m in Early Help and Social Care have resulted from new Looked After Children (LAC) agency placements and in-house foster placements over and above those anticipated: while the budget allowed for an overall increase in placements of 2 per month, the increase, in June in particular (where there were 4 new placements solely for residential agency), has been higher than both the budget and the trendline from within the forecasting model. It is also likely that while the increase is not directly related to COVID-19, some of the increase is indirectly related to it.

There are also pressures in Locality within Early Help and Social Care on the Social Work staffing budgets. These pressures have been offset in part by a forecast underspend of £0.7m in Central Resources as a result of efficiencies and pay cost controls.

- Communities, Economy and Transport (CET) is showing an underspend of £0.5m which is mostly due to reduced pre-COVID waste volumes.

1.5 Within Treasury Management (TM) and other centrally held budgets there is an underspend of £2.7m before the impact of COVID.

- There is currently an estimated £1.6m underspend on TM, created in part by capital slippage and the potential external borrowing requirement built into this year's budget of £0.7m. At the moment there is sufficient cash resources (investments) to fund this year's Capital Programme. The strategy to delay borrowing until needed is prudent, i.e. the Council would borrow at 1-2% and earn just 0.10% investing, which would create credit risk and a cost of carry.
- During the quarter a short term loan of £10m was taken to cover any potential cashflow shortfalls arising from COVID, arranged through one of the Council's Brokers. It cost £3k including brokerage and was fully repaid on maturity in May 2020. No long term borrowing was undertaken in the quarter and no further cost effective opportunities have arisen during Q1 to restructure the existing PWLB or wider debt portfolio.
- The pension estimates when the budget was set in February 2020 were based on preliminary figures for the outcome of the triannual actuarial review. Now that the outcome is known, there is an in-year forecast underspend of £1.0m due to a lower secondary pensions contribution required by the actuary. This will be reflected in the MTFP for future years.
- The underspend on centrally held budgets will be used to offset service overspend in the first instance.

1.6 The general contingency of £3.9m and the remaining underspend of £1.6m on centrally held budgets after offsetting service pressures would, per normal practice, be transferred to reserves for use in future years. However, this will now be used to offset COVID-19 pressures in year, where they are not covered by the funding provided for by Government. The tables at paragraph 1.15 provide a summary.

1.7 Capital Programme expenditure for the year is projected to be £84.5m against a budget of £97.4m, a net variation of £12.9m. Of the net variation position, £1.7m relates to planned programme activity, and £11.2m are COVID related (£13.0m of slippage offset by an estimated £1.8m overspend). It should be noted that £12.0m of the COVID related slippage relates to Local Enterprise Partnership (LEP) schemes being delivered by, or in partnership with, others, where those organisations control the timetable.

1.8 Of the £1.7m planned programme variation (non-COVID related); there is £0.2m net underspend, £4.7m of slippage to future years, partly offset by (£3.2m) of spend in advance. The main variances include:

- Community Match Fund - low take up from parish councils means slippage of £0.686m is anticipated;
- Exceat Bridge Replacement – anticipated slippage of £0.766m due to extended consultations with stakeholders;
- Newhaven Port Access Road – it is projected that the project risk contingency and after construction costs totalling £0.854m will not be spent in 2020/21 as this is

dependent on when the Port complete their part of the works. The timing of expenditure is therefore largely outside of the Council’s control;

- Westfield Lane – capital works are expected to be completed this financial year. Slippage of £0.600m relates to the contingency element of the budget to cover project risks that will potentially occur in 2020/21;
- Schools Basic Need Programme - slippage of £1.756m is projected for Hailsham Secondary school to reflect an updated project start date. There is also anticipated spend in advance of (£3.040m) at Reef Way due to the contractor being able to bring works forward to the current financial year.

1.9 The details of COVID related pressures in each department are set out in the relevant appendices, and show a total forecast overspend of £36.5m. The main headlines are:

- ASC is currently forecasting £19.4m, primarily due to relief payments to providers, hospital discharge costs and spend on PPE.
- Within BSD, the total of £1.3m includes IT costs for remote working, loss of income streams due to closure of various premises and the likelihood that the savings target within ESCC’s contribution to Orbis is now unlikely to be made in 2020/21.
- The COVID related pressures for CSD total £8.0m; primarily on LAC and Home to School Transport budgets (HTST). The HTST budget has been impacted by school closures which have reduced expenditure in Q1, but costs are forecast to increase when schools reopen fully in September with the expected changes needed to meet social distancing requirements.
- There is a pressure of £7.9m for CET, the most significant areas being a decrease in Car Parking income plus the Waste Service has seen increased collection volumes and costs of reopening household waste sites with social distancing.

1.10 Within Centrally Held Budgets and Corporate Funding there are further COVID related pressures of £1.2m, the key areas being:

- Estimated risk of reduced investment income within TM (£0.7m);
- Levies, Grants & Other includes £0.6m Emergency Assistance Grant for Food and Essential Supplies which will be fully utilised in-year, £0.3m PPE for Corporate Buildings and £0.1m increase in bad debt provision; and
- Estimated risk of reduced proceeds from the Business Rates pool with Districts and Boroughs of £0.3m. We are working to get further clarity with the Districts and Boroughs.

1.11 There have been three tranches of COVID-related funding allocated by MHCLG for use by ESCC:

Tranche 1	£16.3m
Tranche 2	£9.8m
Tranche 3	£3.6m
<b>Total</b>	<b>£29.7m</b>

It is estimated that, based on current profiles, this funding will be fully utilised by the end of August 2020, leaving a funding shortfall of £8.4m for revenue. As per normal practice, this will be mitigated by general contingency and the remaining underspend in centrally held budgets, leaving £2.9m to be funded from the Financial Management reserve. The tables at 1.15 provide a summary.

1.12 When setting the annual budget, Council agrees a contingency as part of its budget. This is made up of a formula based general contingency budget, which for 2020/21 was set at £3.850m, and a £10m General Fund Contingency, in line with CIPFA best practice, to meet in-year financial challenges. Effective budget management is also supported by financial procedures, which enable monies to be vired between budgets, our reserves strategy and the annual Chief Finance Officer’s Robustness Statement. At this stage there is no requirement to revise the budgets, as a consequence of COVID-19 or any other financial risk, however, should that arise it will be brought back to Cabinet, within the quarterly monitoring reports.

1.13 The COVID related pressures and slippage in the Capital programme total £11.2m; of which there is a £1.8m overspend (adding to the funding shortfall), £1.0m slippage relating to schemes within the Council’s control, and £12.0m of slippage relating to schemes where delivery is outside of the Council’s control. The main variances include:

- Business Services various – A combination of temporary site closures, difficulty of acquiring materials and other COVID-19 implications are estimated to increase costs across various schemes by £0.732m;
- Highways Core Programme - The projected overspend of £0.478m is mainly due to the anticipated full year impact of implementing and maintaining social distancing requirements including transportation to and from sites in smaller groups than normal; social distancing marshals and other on-site measures; and the increased costs of some materials as a result of the pandemic.
- A risk factor has also been applied to the forecast relating to the general availability of commodities for capital works which could increase costs across the sector later in the financial year, although this is uncertain at this stage, an estimate of £0.522m has been made;
- Special Provision in Secondary Schools - anticipated slippage of £0.829m to 2021/22 as a result of COVID-19-related supply chain delays and new working practices for social distancing.

1.14 COVID-19 related slippage of £12.0m relates to Local Enterprise Partnership (LEP) schemes where delivery is outside of Council’s control. The majority of these schemes rely on public involvement in terms of surveys and transport monitoring which have been delayed by COVID-19. The South East Local Economic Partnership (SELEP) have granted a six-month COVID-19 extension to their Local Growth Fund schemes.

1.15 The tables below summarise the unfunded COVID costs and management of the revenue unfunded deficit.

<b>Unfunded COVID Costs</b>	<b>£m</b>
Capital	1.762
Revenue	8.376
<b>Total unfunded COVID costs per July return to MHCLG</b>	<b>10.138</b>

Summary of Revenue Variances	£m	
	Non-COVID	COVID
Service Budgets	(1.058)	(36.509)
Central Budgets	6.582	(1.181)
Central Resources	-	(0.346)
<b>Subtotal Variances</b>	<b>5.524</b>	<b>(38.036)</b>
less COVID Grant - tranches 1 to 3		29.660
<b>Unfunded COVID costs (revenue)</b>		<b>(8.376)</b>
less Non-COVID variance		5.524
<b>Deficit to be funded from reserves</b>		<b>(2.852)</b>

1.16 The Strategic Risk Register, Appendix 7, was reviewed and updated to reflect the Council's risk profile. Risk 1 (Roads), Risk 4 (Health), Risk 5 (Reconciling Policy, Performance & Resource), Risk 6 (Local Economic Growth), Risk 7 (Schools), Risk 8 (Capital Programme), Risk 9 (Workforce) and Risk 10 (Recruitment) all have updated risk controls. Risk 12 (Cyber Attack), Risk 15 (Climate) and Risk 16 (COVID-19) all have updated risk definitions and controls. Risk 14 (No Trade Deal Brexit) has been reinstated onto the Strategic Risk Register with updated risk definition and controls to reflect the risk of the Brexit transition period ending with no agreed trade deal between the UK and EU.

#### Progress against Council Priorities

##### Driving sustainable economic growth

1.17 The Transport for the South East (TfSE) Shadow Partnership Board met in July and approved the 30-year transport strategy, which sets an ambitious 2050 vision for the region. The Board also approved the proposal for statutory status, which sets out the powers and responsibilities that will help to achieve the 2050 vision. The proposal has received the formal consent of the 16 local transport authorities and has been submitted to the Secretary of State for Transport, alongside the final transport strategy (Appendix 6).

1.18 Skills East Sussex met three times in quarter 1 to support the development of the East Sussex Recovery Plan and to continue to deliver against the Skills East Sussex Strategy. The Careers East Sussex sector task group met in quarter 1 and agreed to amend its career campaign to support recovery and refocus on addressing unemployment (Appendix 5).

1.19 30 carriageway asset improvement schemes were completed in quarter 1, to maintain or improve the conditions of the county's roads (Appendix 5).

1.20 Over 40 businesses were approved to receive a business support grant in quarter 1. Businesses were also supported to create 21.5 jobs through business support programmes. Locate East Sussex helped one business to remain in the county during quarter 1 (Appendix 5).

1.21 During Q1 nine contracts which qualified for the Social Value Measurement Charter, with a total value of over £5m. £317,000 of social value commitments were made as part of the contracts, equating to an outturn of 6.3%. The social value commitments

included support and advice being offered to small and medium sized enterprises, work initiatives for priority groups, careers advice and volunteering to support local community projects (Appendix 3).

1.22 All apprenticeship training has been switched from physical place-based learning to online in response to COVID-19. None of the Council staff apprentices have dropped out of their apprenticeship and based on this success we are exploring further use of remote online learning approached and techniques without apprenticeship providers (Appendix 3).

Keeping vulnerable people safe

1.23 There were over 21,000 people identified as extremely vulnerable to COVID-19 in East Sussex in Q1 who were shielded. Staff from across the Council, including from Homeworks, Libraries, Children's Services and the Parking Team made calls to these vulnerable people to ensure support was in place for them, and provide advice on the types of support available and how to access it. A new food distribution service was set up in April, for people who were shielding but hadn't received their food parcels from Government. 8,000 food boxes have been delivered and over 1,700 calls handled through the shielded helpline (Appendix 2).

1.24 Since April the Council has been issuing supplies of PPE across the county to organisations including care providers, GPs, pharmacies and crematoriums. To 17 July over 1.2m items of PPE have been issued, including masks, gloves, aprons, waste bags, body bags and eye protection (Appendix 2).

1.25 The Council has played a key role in establishing Community Hubs, alongside district and borough councils, Voluntary Action organisations and other voluntary, community and social enterprise organisations. Over 6,000 people have been in contact with their district or borough council to receive support from the Community Hubs, with many more also accessing support through other avenues. The partners in the Community Hubs have begun to work on how the hubs can continue to support vulnerable people during the next phase of the pandemic (Appendix 2).

1.26 Public Health Services have led on significant work to keep pace with developments in COVID-19 guidance, data production and test and trace services. These include: a Clinical Cell that responds to internal and external queries and works with teams across the Council and districts and boroughs; development of a Local Outbreak Plan; production of a weekly Data Surveillance and Analysis report; and the development of a number of COVID-19 recovery projects (Appendix 2).

1.27 The number of children subject to a Child Protection (CP) plan has increased significantly, from 50.9 per 10,000 at the end of 2019/20, to 55.3 at the end of quarter 1. Reasons for the increase include increased stress within families due to COVID-19, and a reluctance to end plans during the pandemic. The rate of Looked After Children (LAC) have remained stable, with a rate of 56.5 per 10,000 at the end of 2019/20 reducing slightly to 56.4 in quarter 1. Foster carers have worked hard to prevent disruption to their placements, but there has been an increase in children moving between placements and the need to source more expensive options for children (Appendix 4).

1.28 The new Regional Adoption Agency, Adoption South East, went live on 1 April 2020, with the Council leading on behalf of Brighton and Hove City Council, West Sussex County Council and Surrey County Council. The launch went well, with a number of creative responses to COVID-19 being implemented (Appendix 4).

1.29 The Safer East Sussex Team have been working with the National Scams Team to raise awareness amongst the voluntary and community sector and the community of the types of scams that have emerged during the lockdown. The exploitation training, which

has a focus on fraud and scams, has been adapted so it can be delivered virtually (Appendix 2).

1.30 Domestic and sexual violence and abuse services have been able to continue to provide support to vulnerable people during the pandemic, utilising different models of delivery. 1:1 support is now being offered virtually, and victims are responding well to the offer with face to face meetings increasing as lockdown eases, where this is appropriate, and the risk has been assessed. Group work had to be postponed, but alternative methods are being developed to reintroduce this support as soon as possible (Appendix 2).

#### Helping people help themselves

1.31 The Council has supported the allocation of 1,187 laptops and tablets to the most vulnerable Year 10 pupils in the county. The Council was the first local authority in the country to place an order for laptops under the Department for Education scheme, to try and ensure all pupils could continue to learn from home during the pandemic. The Council has also worked in partnership with Uni Connect and the Hastings Opportunity Area, to order over 200 additional devices for vulnerable learners (Appendix 4).

1.32 Since Government closed schools to pupils in March, with the exception of vulnerable children and those with keyworker parents, the Council has worked with schools on innovative ways to keep their school communities together, keep pupils engaged and support attendance for key groups. East Sussex had some of the highest numbers of vulnerable children and young people in school and also some of the highest proportion of secondary schools open. Between 6 – 10 July, 159 of the 187 schools in the county opened their doors to more than 12,600 pupils. Schools have been supported to fully open for all pupils in September in line with the DfE guidance. The Council is developing a communication campaign to give parents and carers confidence in returning their children and young people to school at the start of the academic year (Appendix 4).

1.33 The East Sussex Health and Social Care Plan and integration programme has been paused since March, to enable the health and social care system to focus on the response to COVID-19. The response has included adapting the governance system to ensure there is coordination across the whole system, for example in hospital discharge and mutual aid support to care homes. In May we started the process to revise and restore the integration programme (Appendix 2).

#### Making best use of resources

1.34 IT&D supported almost all staff from office-based to remote working in Q1, in response to COVID-19. Staff and teams are working effectively and productively and have employed new ways of working that ensures that services we provide continue to be delivered and performance and oversight is maintained. With more people working from home there was an increased demand for tools to help people collaborate remotely, including audio and video calls. The rollout of Microsoft Teams was accelerated to make it widely available, and WhatsApp was made available for frontline staff within Children's Services to help them maintain contact with vulnerable young people. A soft phone solution was deployed, enabling staff who take calls from customers to continue to receive these calls at home in the same way as they would in the office. While sickness levels have been low many staff have been on the frontline of supporting vulnerable service users. Therefore the "Time to TALK" campaign was further promoted which included utilising our 100+ Mental Health First Aiders to attend at virtual team meeting and offer 1-1 support sessions. (Appendix 3).

1.35 The Council has introduced a number of campaigns to support staff through the pandemic, 'Time to TALK' utilises over 100 Mental Health First Aiders to help people cope

with any mental health issues they may have. We have also used the staff communication platform, Yammer, to host a dedicated wellbeing campaign using a different theme each week; with a focus on subjects such as emotional support, managing remote teams and self-care (Appendix 3).

1.36 Lobbying has continued in quarter 1, alongside our partners in the County Councils Network (CCN) and South East 7 to raise and maintain the Government's awareness of the financial cost of the COVID-19 pandemic, and the need for full compensation of additional costs and income lost in the response. The Leader met regularly with local MPs, and the Chief Executive and Leader continue to regularly engage with ministers and civil servants to make representations on the provisions councils need to continue the COVID-19 response and play an active role in recovery (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, its integrated business and financial planning cycle. This report contains the normal elements included in the report, the demographic evidence base; the national and local policy context; an update on our medium term financial planning position and Capital Programme. However, the coronavirus pandemic has had a profound impact on our communities and services which we are not yet fully able to quantify and reflect in our future service offer and finances.

2.2 This report sets out the current position and evidence base and gives our current understanding of how we will need to reset our services to deal with the future, as we learn to live with the reality of a world with COVID-19 and the significant impact this has on people's lives; manage the legacy impacts of the initial wave of infection; and respond to potential new waves of infection for the foreseeable future. The RPPR process, bringing together our policy, business and financial planning and risk management, provides the vehicle for the Council's service and financial recovery and reset.

2.3 In developing our medium and longer term plans we will need to have regard to the broader context in which we will be working. This includes:

- The impact of operating in an economy which is in recession. The Government will have to consider how it begins to pay off the borrowing it has made – this could mean a mixture of higher taxation, with possible impact on economic recovery and reductions in public service expenditure. Both would impact on the Council's income and ability to spend.
- The lasting impact the pandemic will have on young people in terms of education and employment opportunities.
- The impact of the end of the transition phase of Brexit on the economy, our responsibilities and our access to goods and services.
- The conclusion the Government might draw from the pandemic in terms of public services – for example will lessons learnt in the response help to shape a solution for better integration in health and social care and what will be the effect on the role of local government in the future?



- What has the impact been on our supply chains and what does that mean for our choices about commissioning and direct provision?
- The impact of the pandemic on our public and Voluntary and Community Sector (VCS) partners – we need to build on the positive aspects of the work with them during the emergency to tackle issues in the future, including the increased need that is likely to exist in our communities as a result of the pandemic.
- The uneven nature of recovery both for our services and for society and the economy, and the impact of future waves of infection on both.

### Current Position

2.4 The coronavirus pandemic is different to other emergency situations, in that recovery is not about moving back to a pre-COVID-19 world, but considering how our services, communities and businesses need to adapt to and change to the new reality of coronavirus being with us for the next year as a minimum; while managing the recovery from and legacy impacts of the initial wave of infection. Although national restrictions are gradually being lifted in light of declining rates of transmission, at a local level we expect to be taking steps to keep transmission rates low and deal with potential outbreaks for some time, which will have an impact on our resources and the way we deliver services.

2.5 Recovery needs to be considered in a number of timeframes:

- Immediate: preparatory work that, subject to resource, be undertaken during the response phase in preparation for recovery;
- Medium term - first weeks and months: living with the virus and social distancing and making sure our services can operate in this new context; and
- Longer term: first year and beyond, the world post vaccine.

2.6 Recovery will not be linear; we are likely to see waves of infection in the future which may necessitate moving in and out of some measures of emergency provision. Nor will it be even across services. Adult Social Care, for example, will be dealing with the consequences of the early rate of infection and the decisions which were made, whilst trying to maintain services required as the health service begins to move towards business as usual and needing to react to any further waves of infection.

2.7 The emergency has necessitated new ways of working and has given rise to new partnerships and possibilities. These may offer opportunities to create a positive legacy for the future as we develop our recovery plans. As we move into our recovery we need to think about:

- What did we stop doing that should remain stopped?
- What did we stop doing that we should bring back?
- What have we started doing that we need to stop?
- What have we started that should continue?
- Are there totally new things that we might need?

2.8 The local and national policy context at Appendix 9 sets out the latest thinking on these issues, although plans will continue to develop over the summer as more information on what living with COVID-19 looks like for the future emerges.

2.9 We need to use our existing political and business planning processes to develop our plans. COVID-19 is now a reality to be taken into account in our plans, not an episode from which we will move on. The following principles will guide the planning of COVID-19

recovery for East Sussex County Council services and the Council's wider support for residents and businesses:

1. our usual business planning process (RPPR), led by Cabinet and CMT, will be used to undertake recovery planning, adjusting our current priorities and ambitions where required for 2020/21; and medium/long- term planning from 2021/22 and beyond, as we gain further insights into the impact of the pandemic;
2. the Council's Core Offer, Priority Outcomes and subsidiary Delivery Outcomes will be reviewed and revised as needed to ensure they are the right for recovery plans, recognising the fundamental changes that have taken place in society and the way it works, and building on the positive lessons we have learnt (see paragraphs 2.28 and 2.42 below). Some services we set up in response to the pandemic may need to continue into the foreseeable future and the impact of decisions we have taken could have long lasting service and financial consequences (for example in ASC);
3. the Council's financial resource allocations for current and future years will be reviewed and revised to take account of changes in availability and priorities; and
4. learning from what has worked well and what has not during the crisis will be fully considered in recovery planning and long-term planning for services and partnerships.

2.10 As always, we will ensure that in recovery planning:

- 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;
- 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.

#### Demographic and Demand Changes

2.11 Appendix 8 sets out the key factors in relation to demography, housing, deprivation, health and economy affecting the county and the impact they are having on demand for our services. Much of this data relates to a pre-pandemic world. The main trends impacting the county council are:

2.12 **Older People** - form a high proportion of the population of the County which has an impact on the demand for services and the Council's finances. This group is particularly likely to be impacted by COVID-19 and the long-term effects on their health and wellbeing will need to be considered as part of our longer-term planning.

2.13 **Children and Young People** – there will be a small rise (2.2%) in the number of children and young people in the county over the next three years. The number of pupils in primary schools has plateaued and will start to fall from 2021/22. Secondary pupil numbers are expected to continue to increase and peak around 2025/26. We are planning 500 additional permanent school places to meet demand between 2019/20 and 2025/26. The attainment of our most disadvantaged pupils is below the regional and national rate.

2.14 542 children had Child Protection Plans at the end of March 2020, a rate of 50.9 per 10,000 children. This is above the expected rate compared to the Income Deprivation Affecting Children Index (IDACI) but is linked to the relatively low numbers of children who are in care placements. The focus continues to be ensuring the right children are made subject to plans for the right amount of time.

2.15 **Economy** - the latest year for which there are figures is 2018/19 and these showed a small decrease in the proportion of the working age population in full time employment (73.6% compared to 74.6% in 2017/18). Employment was lower than in England 75.6% and the South East 78.4%. The Alternative Claimant Count which shows the number of people claiming any unemployment related benefit e.g. Universal Credit (seeking work), Job Seekers Allowance etc in February 2020 was 3% in East Sussex compared to 3.2% for England. Youth (18-24) unemployment is higher at 4.4%, with the highest rate in Hastings (7.3%). Public administration, education and health are the largest employment sectors in the County, with retail being the next largest sector.

2.16 The long-term impacts of COVID-19 on the economy are yet to be fully understood, but the number of people in East Sussex claiming Job Seekers Allowance and Universal Credit and seeking work more than doubled between March and May 2020; 68% of businesses in East Sussex are furloughing staff; and 30% have accessed loans, grants and or business rates relief.

2.17 **Climate change** – CO2 emissions were falling in all sectors in East Sussex except transport before the pandemic. The long-term changes as a result of new ways of working have yet to be seen but could contribute to meeting the Council’s climate change targets.

Medium Term Financial Plan

2.18 When the 2020/21 balanced budget was approved by Full Council on 11 February 2020, the deficit on the Medium Term Financial Plan (MTFP) to 2022/23 was £9.322m. Updating the MTFP for normal factors (such as inflation and an additional year) prior to the impact of COVID-19, the position would have been a deficit budget position by 2023/24 of £8.123m:

<b>Medium Term Financial Plan</b>	<b>2021/22 £m</b>	<b>2022/23 £m</b>	<b>2023/24 £m</b>
<b>Total Budget Deficit / (Surplus)</b>	<b>(0.185)</b>	<b>6.542</b>	<b>8.123</b>
<b>Annual Budget Deficit / (Surplus)</b>	<b>(0.185)</b>	<b>6.727</b>	<b>1.581</b>

2.19 The pandemic and its impacts has caused such an unprecedented level of financial uncertainty that at this point, it is not possible to present a draft MTFP to 2023/24. It is planned to work through the details required to bring forward an updated MTFP in the autumn.

2.20 At a national level, Government funding that ESCC will receive between 2021/22 – 2023/24 is yet to be confirmed. The Spending Review (SR) 2019 was for a single year, therefore funding will need to be announced for SR20, the date of which is still to be confirmed. Additionally, the Fair Funding Review and Business Rate Retention reform have been delayed until at least 2021/22. In order to allow the MTFP to be developed, it is essential that some level of certainty of Government funding is received.

2.21 At a local level, the impact of the pandemic and economic downturn on income collection rates for Council Tax, growth on the Council Tax base and the levels of Business Rates have yet to be understood and modelled out. There is the potential for a significant reduction in the collection of Council Tax in 2020/21, which will be managed through the Collection Fund in 2020/21, with the deficit having to be accounted for in 2021/22-2023/24. The delay in the Business Rates Retention reform and the impact of business failure arising from the economic downturn has the potential to significantly reduce income in 2021/22 onwards. Government has announced that Council Tax and Business Rates deficits can be spread over three years, rather than requiring repayment next year; and an apportionment of irrecoverable Council Tax and Business Rates losses between central and local government for 2020/21 will be agreed in the next Spending Review. We will not know the implications of these provisions for the MTFP until the local impact on Council Tax and Business Rates has been modelled and the apportionment has been agreed.

2.22 The COVID-19 financial data return for June has been submitted to MHCLG. This shows expenditure to be incurred and projected lost income from coronavirus to be £17m greater than the funding we have received. This impacts 2020/21 and it is unclear how this can be projected into 2021/22. If further Government funding is not forthcoming to meet this pressure, then this will need to be managed through the use of reserves for 2020/21. On 2 July, Government announced an additional £500m un-ringfenced funding for COVID-19 spending pressures and at the time of writing we await detail of allocations. An income guarantee, where all relevant losses over and above the first 5% planned income from sales, fees and charges will be compensated for at a rate of 75p in every pound, was also announced and we await guidance on how this will work in practice.

2.23 There are no unallocated reserves that can be used to meet ongoing pressures in 2021/22 and beyond, therefore, it is essential that the Government's future financial settlement recognises the burden falling on local authorities as a consequence of COVID-19, as the pressures are exceptional and beyond what could reasonably be planned for.

2.24 The MTFP should also factor in the budget requirements for services. Over the summer services will be working to review their core service offers, as recovery from COVID-19 gathers pace. Until this work is complete it is not possible to model out a set of balanced budget scenarios.

2.25 Proposed savings of £3.251m were included in 2021/22, when the budget was set. Given the circumstances, these savings will need to be reviewed as the MTFP is developed.

#### Capital Programme

2.26 The approved programme has now been updated to reflect the 2019/20 outturn and other approved variations and material non-COVID-19 related updates, revising the gross programme down to £570.3m to 2029/30. The details are set out in Appendix 10, together with the revised programme.

2.27 The Capital Strategy to 2029/30 will be revised once we understand the post-COVID-19 Council Plan and related considerations that are being developed over the summer, alongside potentially more certainty regarding Government funding.

#### Council Priority Outcomes

2.28 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. 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.

2.29 Each priority outcome is supported by a number of delivery outcomes, which shape Council Plan performance measures and targets. These are set out at appendix 11.

2.30 We will need to review both our priority and delivery outcomes to ensure the priorities we are working to deliver, and the way we measure the performance of our activities and services, remain appropriate in the new post-COVID19 operating context. Particular consideration will need to be given to:

Driving sustainable economic growth -

2.31 This priority outcome and its subsidiary delivery outcomes drive our work to support a thriving economy in East Sussex, which is key to the wellbeing of the county.

2.32 The coronavirus pandemic has had a marked impact on the local and national economy. As more evidence of the impact on employment levels, on business start-ups and closures, on which industries have shrunk and grown and on how workplaces are now operating becomes available we will need to consider if there are new trends that mean we need to change where we focus our efforts to support delivery of this priority to improve the prosperity of our local communities. Such trends could be increased remote working, high levels of youth unemployment, growth in social care labour market gaps, or new digital skills requirements.

Making best use of resources -

2.33 The County Council remains committed to working with our partners, residents and businesses to tackle the climate emergency. The County Council has set a target for its own activities to be carbon neutral as soon as possible, and in any event by 2050. In June, Cabinet agreed both the corporate Climate Emergency Plan, setting out actions to be taken towards achieving this goal; and the East Sussex Environment Strategy, setting out actions we will take with our partners to protect and enhance the local natural environment and tackle and adapt to climate change.

2.34 It is important that our priority to "make best use of resources" is viewed in this context and its interpretation is not just confined to making best use of resources in terms of money.

2.35 Our ambitions for carbon neutrality need to be embedded within our business and financial planning. This is why our existing Council Plan includes 'ensure all Council activities are carbon neutral as soon as possible and in any event by 2050' as a delivery outcome of 'making best use of resources', as the priority is applied to all activities and is a touchstone for all that we do. Progress towards carbon neutrality is a test that should be

applied in the same way we consider whether we are securing best value for public money and that resources are used in a way that deliver maximum benefits for residents.

2.36 Cabinet agreed that this priority outcome should therefore be expanded to “making best use of resources in the short and long term” to better reflect that the Council’s decisions should be guided by a test priority that we ensure sustainability of our resources, both in terms of money and environmental assets.

#### Core Offer

2.37 The Core Offer also underpins our business and financial planning and represents a level of service below which we should not go in order to meet the needs of residents, not only for the services we provide but to play our part in supporting them in their wider health and wellbeing needs. This includes access to well-paid jobs, decent affordable housing and good mental and physical health. The East Sussex Core Offer is attached at appendix 12.

2.38 The Core Offer model provides a helpful framework for us to review the Council’s activities in the aftermath of the initial emergency response to the pandemic and begin to shape the reset of our service and financial offer from 2021/22 onwards.

2.39 We will need to review whether the activities within the current Core Offer, and the volumes of those activities, are regarded as core to meeting residents’ needs in the new operating context. We will need to consider where local need for services and prioritisation of services have diverted from our current Core Offer as a result of the pandemic and whether the offer should be amended to include these in the longer term. We will also need to consider if there are existing elements of our core offer that are no longer priorities in the new operating context.

2.40 Particular consideration will need to be given to:

- Shielding and community hubs – whether there is a requirement and we have the resources to continue this activity, with our partners, to help people requiring support to manage life under COVID-19 restrictions;
- Outbreak Management – what role we will be required to play in managing local outbreaks, set out in our Local Outbreak Management Plan;
- Mental Health support – whether additional support will be required given the impact of COVID-19 on residents’ emotional and mental wellbeing; and
- Building Use – if there are changes that can be made to the use of our building estate, to more effectively support the Council’s operations and service delivery.

2.41 As set out above, future funding levels are uncertain. As more information becomes available in the coming months, we will work up scenarios of revenue funding and use both this and the new assessment of the core work the Council must do to meet residents’ need to shape our business planning for 2021/22 onwards.

2.42 Cabinet has agreed that officers work over the summer to undertake a review of the Core Offer, as set out in the paragraphs above, and to report back to Members on next steps in the autumn.

## Lobbying and Communications

2.43 Work has begun to understand the impact of coronavirus on East Sussex residents and changes in how this impact is felt on the county over the coming months. The three-part plan is to carry out:

1. A streamlined online survey open to all via social media, web and email. This will give a fast and wide-ranging snapshot of general issues and attitudes among residents. A two-week survey was carried out in June.
2. Two cross-sectional resident surveys - one this summer and another near the end of 2020. Each will be a telephone survey of at least 1,000 residents, to give a fully representative sample of the population across East Sussex. Asking many of the same questions at different points in time will allow us to gauge both residents' current experience and attitudes and how those evolve with the pandemic and recovery.
3. Individual surveys by specific theme, service area or demographic group. There will be many other pieces of resident research and engagement, often more detailed, commissioned by individual services or partners, such as the recent Healthwatch East Sussex survey or work with business representatives.

2.44 This survey work will feed into our lobbying of Government both as a council and in partnership with others locally and nationally, including with our MPs, to ensure the full impact of the pandemic on our communities is understood and addressed in future policy and funding decisions.

2.45 In the absence of the anticipated Fair Funding Review, our lobbying will continue to call for certainty of future funding for local government. This will be paramount to ensuring we secure adequate resource to deliver what will be required to support East Sussex residents, communities and businesses in the wake of the coronavirus pandemic, including opportunities to continue positive preventative work that could most effectively manage future need.

## Next Steps

2.46 Work will continue over the summer to understand the impacts on our services of the coronavirus pandemic and to reset and reopen our services when appropriate.

2.47 The Cabinet agreed that the Council's Priority and Delivery Outcomes and Core Offer will be reviewed to take account of this impact. Officers will report back to Members in the autumn with an updated assessment of our priorities, service demand and funding expectations to inform more detailed business and budget planning for 2021/22 and beyond.

2.48 Members will continue to be consulted on plans as they are developed through Cabinet, County Council, Scrutiny Committees, Whole Member Forums and specific engagement sessions throughout the 2020/21 Reconciling Policy, Performance and Resources process

## CABINET

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