

Report to: **Economy, Transport and Environment Scrutiny Committee**

Date: **30 September 2015**

By: **Chief Executive**

Title of report: **Reconciling Policy, Performance and Resources (RPPR)**

Purpose of report: **To enable the Committee to begin its engagement in the Council's business and financial planning process (Reconciling Policy, Performance and Resources) for 2016/17 and beyond.**

RECOMMENDATIONS:

The Scrutiny Committee is recommended to:

(1) consider the areas of search set out in Appendix 2 and suggest any changes or additions for consideration by Cabinet;

(2) establish a scrutiny review board to consider the developing portfolio plans and savings proposals as they emerge in December and to submit scrutiny's final comments on them to Cabinet in January 2016.

1. Background

1.1 The *State of the County* report was agreed by Cabinet on 29 June 2015. The report initiates the Council's business and financial planning process known as *Reconciling Policy, Performance and Resources* (RPPR) for the period 2016/17 to 2018/19. It outlined the national and local policy, financial and performance context and provides the background for the development of the detailed business and financial plans that will eventually be agreed by the County Council early in 2016. It is available at [State of the County](#)

1.2 This year's RPPR process will see the development of a new 3 year service and financial plan. This will be developed against a background of permanent reduction in the size of the public sector, including councils. The last five years have seen the County Council make savings of £78m, achieved through a mixture of service change, efficiency and prioritisation. During this period we have been able to make differential savings across priorities and have used reserves to invest in some areas. Whilst the County Council will still have a net budget of about £350m next year, the need to make savings of £20m-£25m in 2016/17 and a total of £70m-£90m up to 2018/19, will bring a new scale of challenge which cannot be met without direct impact on front line services for all service areas across the organisation.

1.3 At the same time as the amount of funding coming into the Council from Government falls, demand for services continues to rise due to demographic pressures. The key changes are:

- a 1% rise in the overall population, with reductions in the absolute numbers and proportions of young people and working age adults;
- an increase in the number and proportion of older people, with the largest percentage rise in people aged over 85;
- potential need for 7,500 new jobs to meet the increase in the workforce as the retirement age increases and to provide employment for those currently on Jobseekers' Allowance; and
- whilst the overall number of young people will decrease (as the population of 0-4 and 16-17 falls), there will be an increase in the number of primary age pupils in the middle of the period and a need for additional primary school places to provide places and choice in the areas where new housing growth is providing pressures on places. This bulge in the primary school population will feed through to secondary schools and there will be a need for additional places in the following three years.

1.4 The July Budget set out the Government's plans to reduce public expenditure as a proportion of GDP as part of plans to eliminate the budget deficit. The chancellor has asked non protected government departments, which include those which fund the Council's activities, to produce plans for reducing expenditure by up to 40% as part of the Spending Review to be carried out this autumn.

2. One Council: overall approach

2.1 The Council has a strong track record and has significant plans in place which are shown in the diagram in Appendix 1. The Council's four priority outcomes for the Council will continue to provide a focus for decisions about spending and savings and will direct work across the Council. The priority outcomes are:

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

2.2 These priority outcomes and the agreed operating principles of Strategic Commissioning, Partnership and One Council working will be used to deliver service design and whole system change to:

- Recognise the reality of the permanent reduction in the size of the public sector and the resources available
- Commission integrated services working closely with partner agencies for the benefit of the whole East Sussex population
- Engage effectively with partners, residents and businesses
- Ensure the right activity is focussed on the right people and places in the most effective way for the right amount of time
- Mobilise communities and other partners to help the most vulnerable
- Specify clearly what ESCC will do, and do that well
- Strip out waste, inefficiency and costs that should be met elsewhere
- Work transparently with clarity about priorities and consequences
- Enable people to be creative and courageous, helping them to work through uncertainty
- Make the best possible use of technology, buildings and other assets.

2.3 Until the completion of the Spending Review on 25 November 2015 and the announcement of the provisional settlement in December, there will remain considerable uncertainty about the level of resources available to us for future years; the final settlement is not anticipated until early February 2016. The announcement on 17 July delaying the implementation of the cap on care costs until 2020 has deferred some of the impact of the Care Act. However, the introduction of the National Living Wage announced in the Summer Budget on 8 July 2015 has added further uncertainty.

2.4 Cabinet have asked Chief Officers to bring initial savings proposals to its meeting in October 2015. Plans for years two and three of the programme will be less detailed than those for the first year because of the uncertainty about future funding and the need to take account of the effect of current savings plans. Appendix 2 sets out the context in which future savings are being made and the areas of search for future savings across all our main service areas.

3. Scrutiny engagement in RPPR

3.1 Scrutiny's engagement in the RPPR process is vitally important. Each scrutiny committee brings to bear its collective experience of undertaking scrutiny projects and has the opportunity to add its views on where savings should be sought. Ultimately, each scrutiny committee will provide commentary and recommendations to be taken into account by Cabinet and Council before a final decision is taken on next year's budget and Council Plan early in 2016.

3.2 The **September 2015 scrutiny committees** initiate scrutiny's involvement in RPPR for the period 2016/19 by using the current portfolio plans, budget information and bringing the knowledge they have gained about the services under their purview to bear on the proposed areas of search

for savings. The Audit, Best Value and Community Services Scrutiny Committee has particularly tailored its programme this year to enable it to focus on its input into RPPR.

3.3 Scrutiny committees are asked to suggest any changes they think might be appropriate. Appendix 3 contains extracts from the Financial Budget Summary 2015/16 of the areas within the remit of this committee to provide the big budget picture; the full document is at [Financial Budget Summary](#). Appendix 4 contains the current portfolio plans for the functions within the committee's remit.

3.4 Audit, Best Value and Community Services Scrutiny Committee has already set up a standing RPPR board. The other scrutiny committees are asked to agree the membership of their boards which will then consider the developing portfolio plans and savings proposals in more detail as they emerge.

3.5 The **November 2015 scrutiny committees** can explore the more detailed initial savings proposals which will have been considered by Cabinet in October.

3.6 The **RPPR scrutiny review boards** meet in December 2015 to agree the detailed comments and any recommendations on the emerging portfolio plans and savings proposals to be put to Cabinet on behalf of their parent scrutiny committees. The Chairs of all the scrutiny committees are invited to attend all the scrutiny review boards.

3.7 The **March 2016 scrutiny committees** review the process and their input into the RPPR process, and make recommendations for improvements for the future RPPR process.

3.8 Running alongside this process we will continue to hold whole-council Member forums at key points in the process to ensure that Members keep an overview of the emerging picture locally and the impacts of national announcements on our overall plans. Chief Officers will also provide any briefings that group spokespersons require to aid them in contributing to the RPPR process and future savings and spending plans.

BECKY SHAW
Chief Executive

Contact Officer: Jane Mackney, Head of Policy and Performance (01273 482146)
Local Member: All

Background Documents
None