

Report to: Cabinet
Date: 13 October 2015
By: Chief Executive
Title of report: Reconciling Policy, Performance and Resources (RPPR)
Purpose of report: To inform Cabinet of progress on savings proposals

Cabinet is recommended to:

1. Note the revised Medium Term Financial Plan including the movements within the forecast funding gap for 2016/17-2018/19 and pressures (Appendix 1);
 2. Note the uncertainty that will remain until the Comprehensive Spending Review on 25 November 2015 and the Local Government settlement announcement;
 3. Agree a savings requirement of £23m as a planning assumption for 2016/17;
 4. Consider the Scrutiny Committees' initial comments on areas of search (Appendix 4);
 5. Agree the proposed "One Council" framework for planning at paragraph 3.6 -3.19 and savings proposals (Appendix 6); and
 6. Agree that more detailed work is done on all the above to develop the detailed draft plan for 2016/17 and the following two years.
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1 Background

1.1 The State of the County report set out:

- the main national and local issues facing the Council over the next three years;
- the policy outcomes the Council has agreed which will be used to act as the focus of activity over the period;
- the strategic and financial challenge we face; and
- the work we have in place to help to deliver the savings over the next three years.

1.2 The report took into account our existing plans, the likely loss in Central Government funding, growth in demand for services due to demographic and legislative changes and set out a Medium Term Financial Plan (MTFP) which indicated potential deficits of £41.4m in 2016/17, and additional £16.7m in 2017/18 and £23m in 2018/19, making a total savings requirement of £81m. The report also set out the service change programmes the Council has in place to deliver savings and the proposed areas of search for savings for future years.

2 Medium Term Financial Plan update and Planning Cycle

2.1 Since the State of the County report in June, there have been some key national changes which affect our plans. The most significant of these are the delayed implementation of the Care Act and the introduction of the National Living Wage (NLW).

2.2 The new NLW will impact on the Council's direct wage bill from 2016/17, with an increasing effect in the final two years of the MTFP period. Further analysis and work is required to develop proposals that ensure the integrity of the Single Status job evaluation work that underpins the employees pay structure is maintained as the pay of low paid staff is increased. The NLW will also have an inflationary effect on some of our contract costs, particularly care costs. Current estimates, which are still being refined and will be updated, are that this will add £6m of pressures in 2016/17, rising to a recurrent £22m in the final of the three year period.

2.3 The delay to the implementation of the Care Act reduces some of the pressure on the Adult Social Care budgets; however, this will be more than offset by the NLW changes as the greatest impact is anticipated in Adult Social Care.

2.4 The effect of the changes that have been identified since the State of the County report largely balance and, therefore, do not materially change our total planning assumption of the requirement to make savings of £70-90m over the next three years. This is consistent with the planning that took place over the summer period. The changes do, however, change the

balance of the savings over the three year period, to move the weighting from the first year to a more even distribution over the three years.

2.5 Specific provision is made in the MTFP for the exceptional pressures arising from demographic growth in the older population on Adult Social Care; the extension of foster care responsibilities to the age of 21; and potential waste recycling issues in the Borough and District Councils' joint waste contract. There are, in addition, a range of pressures that departments will be expected to absorb and manage within existing resources and plans and that do not therefore feature in the MTFP figures. They do, however, further limit any capacity to identify options for savings against the £70-£90m gap.

2.6 The Chancellor's Budget in July set out the Government's plans to reduce public expenditure as a proportion of GDP as part of plans to eliminate the budget deficit. "Non-protected" Government departments were asked, including those which fund the Council's activities, to produce plans for reducing expenditure by up to 40% as part of the Comprehensive Spending Review (CSR), the outcomes of which are due to be announced on 25 November 2015. This may result in a delay to the final settlement announcement for the County Council until February 2016.

2.7 An updated MTFP reflecting the changes since June is attached at Appendix 1.

2.8 A three year planning cycle has been a core element of RPPR. It is key to our planning approach and our ability to take a One Council perspective. It allows medium-term plans to be devised reducing the need for short-term fixes and provides our partners and residents with some certainty and an opportunity to engage in medium-term planning. RPPR also provides us with greater adaptability in the face of uncertainty.

2.9 Within the three year plan, the full County Council will continue to agree the Budget and Council Plan for each year. Cabinet is asked to commit to a three year RPPR planning cycle and agree a savings requirement of £23m as the planning assumption for 2016/17 and that more detailed work is carried out on this and the final two years of the plan.

3. One Council Approach

3.1 As highlighted in the State of the County report, the scale of the new financial challenge, combined with the savings and changes delivered in the last five years, means that we need to further increase the strength of our integrated planning across the organisation. We based our planning on 13 service areas within the Cabinet Portfolios in recent years, and Members have consistently prioritised investment in those areas in a way that is consistent in approach and also responsive to the different and individual characteristics of each Portfolio.

3.2 Our integrated approach includes: management of resources (revenue and capital); activity and performance based decision making; clear accountability for delivery; and consistent portfolio and corporate risk management.

3.3 In order to rise to the challenge of the next planning period (2016/17-2018/19) we need to build on our strengths in integrated policy and performance based resourcing and strengthen our thinking and application consistently across the whole (One) Council.

What One Council means

3.4 Our One Council approach maximises our ability to meet the needs of our communities by acting as a single entity. The future shape of the County Council is addressed later in the report. We will remain accountable for a range of duties but increasingly these will be delivered with partners, through new organisations and through others. Ensuring East Sussex County Council (ESCC) acts as a single entity is vital in this context. It provides us with a corporate, consistently understood, collectively owned and intelligently applied perspective on:

- The evidence base we use;
- The demand for Council services;
- The statutory frameworks and legislation that underpins the requirement to meet needs, to safeguard and to protect;

- The performance frameworks and standards that determine how well we are judged in serving the population of the county;
- The factors we need in place for the county to support sustainable businesses and allow residents to thrive and prosper; and
- The standards to which we expect services and support to be provided, where this should be common and where this may be differentiated.

3.5 Building on these, the principles we have applied to develop the initial One Council approach are:

- 3.5.1 Taking a collective view about our priorities and investment choices. We will use strategic commissioning disciplines to direct our activities to maximise the delivery of the agreed priority outcomes of driving economic growth, keeping vulnerable people safe, helping people help themselves and making the best use of resources. This approach enables us to be business-like; test comparative returns on investment so we can be confident we are making best use of resources. It will also help ensure savings in one area do not give rise to unforeseen consequences in another area;
- 3.5.2 Building on the existing plans that maximise efficiency, exploit technology and make the best use of all our assets (see Appendix 3);
- 3.5.3 Ensuring we choose the right partners, especially those who will deliver system change and best use of resources;
- 3.5.4 Maximising East Sussex resources through strong partnership working, income generation, lobbying and exploring new ways of working;
- 3.5.5 Removing management and support costs wherever possible to maximise the resources available to the front line;
- 3.5.6 Recognising which areas offer more flexibility and the considerable areas where flexibility is limited in the short-term (see Appendix 2);
- 3.5.7 Sustaining investment in activity that will most help manage demand;
- 3.5.8 Mobilising and encouraging communities to help achieve their priority outcomes;
- 3.5.9 Enabling staff, residents and communities to be creative and courageous, helping them to work through uncertainty; and
- 3.5.10 Being open and transparent to provide clarity about priorities and consequences, specifying clearly what the County Council will do.

Applying the principles

3.6 Officers have applied the above principles against all areas of ESCC activity and sought to devise a sustainable future financial and performance plan for the Council which recognises the permanent reduction in the size of the public sector.

3.7 As One Council we have looked at:

- Prevention and Demand Management – prioritised according to effectiveness;
- Ring-fenced Government grants;
- Democratic Core and Support Services;
- Demand Led Budgets to meet specified statutory minimum – including Community Care budget and Looked After Children; and
- Long-term contracts – including Waste PFI, Highways Contract.

3.8 We will continue our drive to maximise investment in the frontline of delivery by:

- Maximising income generation including through Council Tax receipts, treasury management, selling services to schools, partners and residents, maintaining comparative charges and exploiting our property assets (see appendix 5 for more detail);
- Maximising efficiencies through consolidating, restructuring and redesigning directly provided and commissioned services, developing demand management strategies and reviewing policies and procedures. This will include the highways contract relet, waste disposal contract, libraries, rights of way, communications and integrating Children's Centres and health visiting;
- Delivering services and access to services very differently, for example, by enhancing our digital offer and using the Agile infrastructure to its maximum potential; and
- Empowering communities to do more to help themselves

3.9 We will ensure the delivery of cost effective support services through the development of the Orbis partnership.

3.10 We will sustain investment in the substantial elements of activity which offer limited flexibility due to contracts or current demand. These include all specific grants and Direct Schools Grant, the large contracts (such as waste and highways) and the cost of long-term, mandatory services (such as concessionary fares and elements of home to school transport, Looked After Children and residential and community care). Work will continue to challenge how we manage these areas to maximise effect.

3.11 We will seek to transform the local health, social care and Public Health system for all ages during the next MTFP through the delivery of the East Sussex Better Together (ESBT) Programme. The ESBT vision is that by 2018 there will be a fully integrated health and social care economy in East Sussex that ensures people receive proactive, joined-up care, supporting them to live as independently as possible. Delivery of the ESBT Programme and integration of health and social care is the only way to ensure that future investment across Local Government and the NHS makes best use of our collective resources and achieves the best possible outcomes for East Sussex residents.

3.12 We will prioritise prevention activity which helps manage and reduce immediate demand for services but will have to withdraw from activity (directly provided or funded) that has lowest direct impact in the short-term. We will need to monitor the impact carefully and consider it in future planning. The disinvestment in current preventative services that are least likely to increase demand for core adult services' provision will include Supporting People and Commissioning Grants Prospectus. In Children's Services, this approach means maintaining as far as possible, spend on Education Psychology as part of building capacity within settings and maintaining, where possible, spend on the fostering service to reduce the need for expensive agency placements.

3.13 We will recognise that in a contracting public sector we will not be able to maintain all current services, and changes will include loss of universal services in adults and children. This will include adult services that do not meet substantial and critical need and shifting investment from residential to community based support in mental health services. In all services across ESCC where services remain, response times may be slower.

3.14 Where specific Government grants have been reduced or removed, we will propose corresponding reductions to the services supported by those grants.

3.15 Whilst we are taking a One Council approach to planning our spend and identifying resultant savings using the principles above, accountability for making savings and managing services directly and through others, lies along departmental lines. The County Council needs to work as an effective series of interconnected cogs if we are to deliver our priority outcomes. Appendix 5 sets out the savings proposals listed by department.

3.16 The impact of the savings and future shape of the Council on external inspectors' assessment of our services, including Ofsted, is likely to be challenging as long as inspectorates continue with an approach which takes no account of the resources available. We will continue to work hard to get the best possible outcome from inspections commensurate with the resources we have available.



3.17 The consequence of applying the One Council principles above analysed through portfolios is set out in the table below. There is more certainty about the proposals for year one than the following two years, as we need more information about the scale of savings and the effect of changes and programmes such as East Sussex Better Together, which are under development. Both the total savings and the distribution between the departments may be subject to change over the coming months.

	2016/17 £m	2017/18 £m	2018/19 £m	Total £m
Adult Social Care	10.0	10.0	20.0	40.0
Business Services (Orbis)	0.3	1.0	1.4	2.7
Children's Services	5.0	3.2	5.0	13.2
Communities, Economy & Transport	3.1	1.0	0.9	5.0
Governance	0.1	0.1	0.1	0.3
Corporate (Treasury Management, Income Generation, Capital Programme Management)	3.8	2.0	-	5.8
Total	22.3	17.3	27.4	67.0

3.18 Updated MTFP pressures against the savings identified for 2016/17 are:

	2016/17 £m
Estimated Deficit	23
Savings identified	22.3
Deficit remaining	0.7

3.19 Having identified, using One Council principles, savings of £22.3m for 2016/17, the gap remaining for 2016/17 is £700,000. The work to identify further savings and keep MTFP projections under review will be continuously refined in order to close this gap. The current communications campaign will also help inform and shape the approach for all three years.

4. Staffing implications

4.1 An initial assessment has been made on likely job losses as a result of the savings proposals. It is anticipated that 2016/17, in the region of 50 jobs will to be lost. Over the three years to 2018/19, around 250 jobs are expected to be lost. The County Council has established and robust employment protection policies and will continue to try and avoid making compulsory redundancies, wherever possible.

5. Future Council

5.1 The decisions made through this RPPR process will be fundamental in shaping the future operating model of the County Council and it is important to be clear about the emerging themes.

5.2 We would expect to retain direct control over:

- Support and operation of the democratic and governance core functions;
- Safeguarding and case management for adults and children;
- Responsibility for our Looked After Children;
- School standards assurance, school place planning and managing admissions;
- Client roles for waste, highways and community services; and
- Strategic overview of plans for achievement of our priority outcomes and ensure effective partnership working.

5.3 We would work with partners to:

- Commission integrated services for health, social care and public health (all ages including Special Educational Needs and Disability) through East Sussex Better Together;
- Deliver Support Services (Orbis) capability for the public sector and partners;
- Commission economic development and skills projects and strategies;
- Commission community services; and
- Deliver, where strategic commissioning has demonstrated direct delivery by ESCC (alone or in partnership) is the best option.

5.4 This will mean a much smaller County Council than currently, to reflect both reducing resources and best use of resources by moving to delivery through new structures evolved with partners and communities to best meet future need.

5.5 It is also likely that, as the County Council and the local public sector demonstrates that it is the best model to deliver accountable services to localities, it may well receive additional responsibilities. This may mean the organisation grows in resources and budgets. A recent example of this is the transfer of the health visiting service. As a result, it is not possible to be definitive about the future shape of the County Council or the other components of the whole system in the county. We will continue to operate in a complex and evolving landscape in which we must put a premium on interconnection.

The East Sussex partnership system:



6. Next Steps

6.1 Consultation to date with partners, especially with the Parish and Town Councils, has underlined their desire for clarity about what ESCC will do in future, in order to inform their own planning. We will engage with them, with service users and with staff to ensure that they are aware of the changes that the Council will need to make and the effect it will have on our future services. Scrutiny Boards will be held in December 2015 and final decisions will be made on the budget by Cabinet in January and Council in February 2016. Cabinet will be updated on any significant new information and changes as information becomes available.

Lobbying

6.2 We have established a good working relationship with our MPs and will build on this and our work with local, regional and national bodies and partners to put the case for East Sussex.

7. Role of Scrutiny

7.1 Scrutiny Committees views on the areas of search proposed in State of the County and other areas they wished to see examined as part of RPPR are set out in Appendix 4.

8. Deployment of Reserves

8.1 As part of the annual budget setting process, work to review current reserves is underway to ensure the level of reserves are appropriate. A detailed review of the £34.8m Waste Reserve has been carried out and it is likely that it will be proposed that the reserve is not topped up by the current contribution made as part of the Communities, Economy and Transport's budget. Further, active consideration is being given to the Waste reserve being reviewed annually to assess the next 4 years of risks, rather than the lifetime of the PFI contract. If these risks become real pressures, then the waste budget would have protection over the life of the MTFP but thereafter, the base budget would have to be increased.

8.2 In considering the deployment of reserves and use of the potential Waste Reserve release, it should be noted that there is a possibility that the Government will impose some form of restriction on reserve levels. We anticipate further clarification from the Comprehensive Spending Review and Autumn Budget Statement on the 25 November and will, therefore, provide an update when the position is clearer. We are, however, confident that the level of reserves in the County Council is appropriate and should not be impacted by any restriction.

9. Capital

9.1 The existing Capital Programme runs through to the end of 2017/18 and is fully funded from a combination of Government grant, revenue contributions, capital reserves, capital receipts, S.106 contributions and borrowing. Quarter 1 monitoring indicated a variance of £23.8m, mainly the result of: slippage on expenditure from 2015/16 into 2016/17, for which the funding position has been updated; and an overspend on the Bexhill Hastings Link Road of £4.4m, which is anticipated to be financed from the capital contingency of £12.9m reported at the State of the County report in June.

9.2 There will be a new, five-year Capital Programme from 2018/19 to 2022/23 and work has been undertaken to identify and quantify the Council's core need. Initial estimates of core needs are being reviewed, but currently, a total need of £414m has been identified, made up as follows: School Places (primary, secondary and special) - £229m; Highways improvements - £122m; Rights of Way - £2m; property building improvements - £40m; and ICT strategy - £21m.

9.3 The level of core need identified to date is not affordable within current estimates of resources. The Comprehensive Spending Review will give us more detail on the level of capital funding from already diminishing Government sources. The Capital and Asset Management Board is working to find ways to manage the diminished level of resources and the increasing core need. Members will be updated in a future report. The capital position is as difficult, if not more so, than the revenue challenge; it is likely that it will be July 2016 before a balanced capital budget can be proposed to and agreed by Members.

Becky Shaw

Chief Executive

Medium Term Financial Plan (MTFP)

1. MTFP Update

1.1 Allowing for the additional pressures identified in this report, the current projected deficit by 2018/19 is £75.947m. In addition, departments are managing an estimated £10.4m of pressures to 2018/19 within existing budgets.

1.2 There are, however, a number of key areas impacted by the summer announcements. Updates for these and other areas of change are as follows:-

Council Tax and Collection Fund Surplus

1.3 In setting the Council Tax base for 2015/16 in January, the Borough and District Councils projected that the Council's share of the Collection Fund surplus for 2014/15 would be £4.554m. Based on the actual outturn information for 2014/15, just coming through as accounts are made available, it is now estimated that the Council will receive a further £2.2m. Current estimates for Council Tax base increases are 1% annually from 2016/17, which will be reviewed.

Pay Award/Inflation

1.4 The MTFP inflation assumption for 2016/17 included £7.209m provision for inflation and a further £0.976m brought forward from the previous financial year; a total of £8.185m. Within this was the assumption that there would be a 2% pay award annually. However, it would now seem likely that pay will be capped over the period of the MTFP at 1% and that in addition there will be increased pressure on the cost of contracts. This is further complicated by the work that will need to be done to understand the impact on pay scales following the introduction of the National Living Wage (NLW). It is, therefore, hard at this point to disaggregate the impact on salaries and pay and contracts.

1.5 In light of the above complexities and significant uncertainty regarding the financial impact of the NLW, the inflation provision has remained unchanged and an additional estimate of £6m for 2016/17 rising to £22.2m per annum from 2018/19 has been included for the impact of the NLW. However, this is a very early estimate and this will be reviewed and refined over the Autumn.

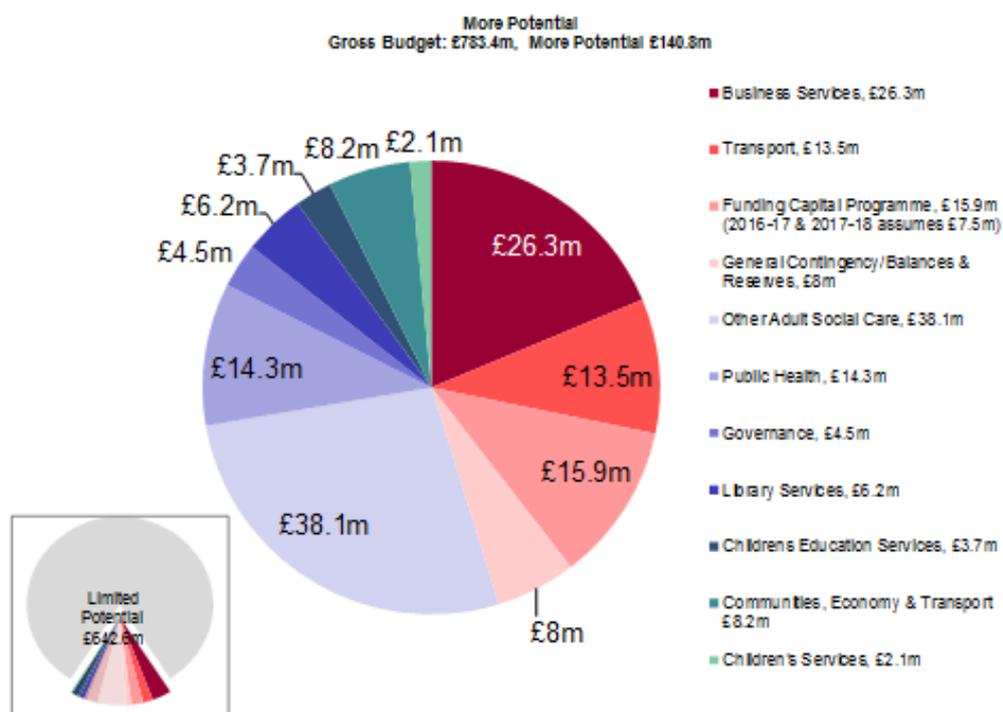
Waste Contract

1.6 The Waste pressure has arisen by underachievement of recycling rates by District and Borough Councils, as part of their Joint Waste Collection Contract. This has shifted additional waste into our waste disposal facility, and therefore we incur additional cost as a result.

Medium Term Financial Projections

	15/16 Estimate £m	16/17 Estimate £m	17/18 Estimate £m	18/19 Estimate £m
RESOURCES				
Business Rates	(70.785)	(71.875)	(73.651)	(76.031)
Revenue Support Grant	(65.093)	(47.453)	(32.261)	(18.561)
Council Tax	(227.221)	(233.967)	(240.915)	(248.069)
Collection Fund	(4.554)			
New Homes Bonus	(2.497)	(2.999)	(3.104)	(3.129)
TOTAL RESOURCES	(370.150)	(356.294)	(349.931)	(345.790)
PLANNED EXPENDITURE				
Net Service Expenditure	309.734	309.734	323.743	334.317
Pay Award/Inflation		7.209	7.250	7.740
National Insurance - Abolition of Contracted Out		2.500		
New Pressures per State of the County				
- Adult Social Care Growth & Demography		2.100	2.424	2.769
- Extension of Foster Care to 21		1.700	0.900	0.700
Items Identified since State of the County				
- Waste Contract		0.500		
NET SERVICE EXPENDITURE	309.734	323.743	334.317	345.526
Treasury Management	30.566	30.566	30.566	30.566
Funding Capital Programme – base cont'n/CERA	13.400	7.500	7.500	7.500
Funding Capital Programme - New Homes Bonus	2.497	2.999	3.104	3.129
General Contingency	3.500	3.260	3.190	3.150
Contribution to balances and reserves	4.542	0.648	0.648	0.648
Pensions	5.479	6.299	7.429	8.559
Levies	0.432	0.441	0.450	0.459
Items Identified since SoC				
- Collection Fund surplus (estimate)		(2.200)		
TOTAL CORPORATE EXPENDITURE	60.416	49.513	52.887	54.011
TOTAL PLANNED EXPENDITURE	370.150	373.256	387.204	399.537
DEFICIT (excl. NLW)	0.000	16.962	37.273	53.747
Estimated impact of National Living Wage		6.000	12.200	22.200
DEFICIT (incl. NLW)	0.000	22.962	49.473	75.947
ANNUAL DEFICIT	0.000	22.962	26.511	26.474

Reconciliation to State of the County	16/17	17/18	18/19
Deficit per State of the County	41.358	58.101	81.055
Care Act - deferral	(20.720)	(21.062)	(29.589)
Items identified since State of the County:			
Collection Fund surplus (estimate)	(2.200)	0.000	0.000
ASC growth & demography - adj	(1.144)	0.566	2.613
Independent Living Fund - removed	(0.832)	(0.832)	(0.832)
Waste Contract - pressure	0.500	0.500	0.500
National Living Wage	6.000	12.200	22.200
	22.962	49.473	75.947



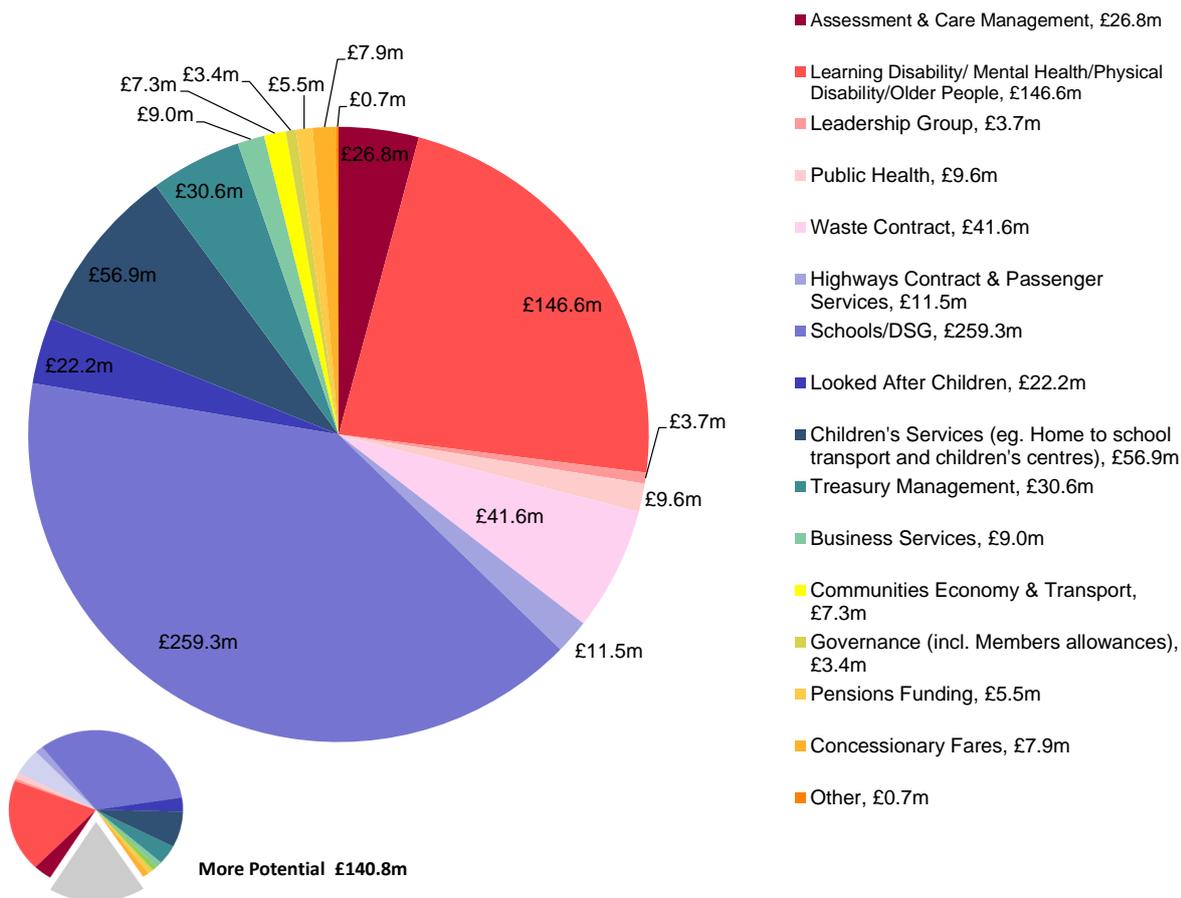
Description

Business Services	Provision of ICT, Property, Procurement, HR and Financial Services. The service is transforming into Orbis.
Transport	Includes an element of Highways £7.9m, and Parking £0.3m.
Funding Capital Programme	Contribution to support current programme £12.6m, New Homes Bonus £2.5m, £0.8m one-off contributions from departments.
General Contingency, Reserve contributions	Includes one-off to reserves for capital expenditure and the formation of Orbis £3.6m, general contingency £3.5m, insurance reserve £0.6m and redundancy reserve £0.25m.
Other Adult Social Care	Includes Supporting People £10.2m – to provide housing-related support, Management & Support £10.1m, Commissioning Grants Prospectus (CGP) £4.5m, Equipment & Adaptations £3.4m and other services.
Public Health	Funding allocated to support deliverability of desirable services within the context of the wider Public Health Outcome Framework (fully funded by grant).
Governance	Unconstrained costs include the majority of Legal services, Chief Executive Office, Communications, Democratic Process and Policy.
Library Services	Work with Learn Direct, Registration service and other public contact points to provide a more efficient use of library buildings.
Children's Education Services	Includes discretionary Special Educational Needs and Disability (SEND) Homes to Schools Transport (HTST).

Communities Economy & Transport	Includes Environment, Registration, Economy, Archives & Records and Customer Services. Registration currently creates more income than expenditure.
Children's Services	£2.1m includes: Training £1.1m, Performance and data team £0.4m and Exceat Boathouse/Spray water centre £0.2m.

Areas of limited potential for immediate savings

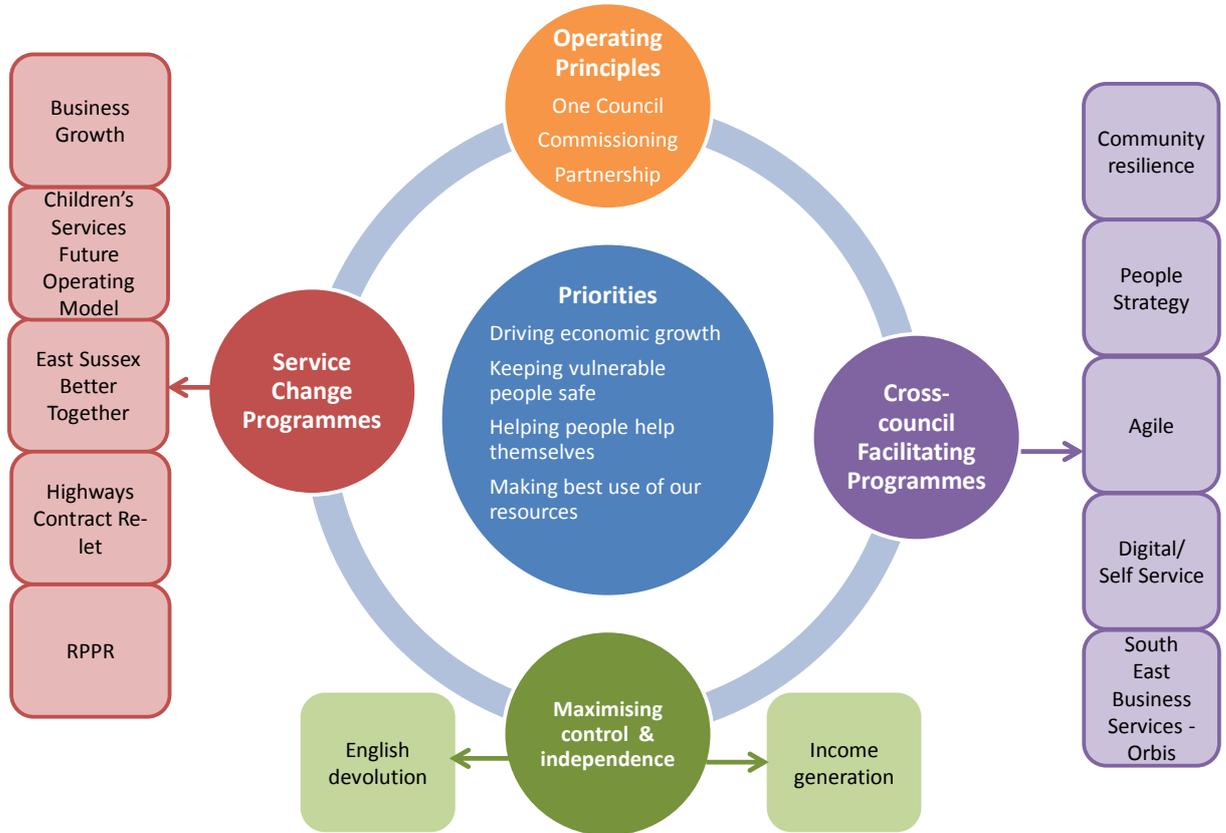
Gross Budget: £783.4m, Limited Potential £642.6m



Assessment & Care Management	The staffing structure required to delivery statutory adult social care assessment and ongoing care management and safeguarding functions.
Learning Disability/ Mental Health/ Physical Disability and Older People	The costs of client care and support services for people eligible for care; including residential and nursing care £98.6m and community based services. East Sussex Better Together (ESBT) is forming the partnership framework, with Clinical Commissioning Groups (CCGs), to commission and develop future service provision models.
Leadership Group	Directors, Assistant Directors and Leadership Group support.
Public Health	Key defined services (fully funded from grant) within Public Health Outcome Framework. Ring fence removed from 2016/17 – it is assumed that the grant will be rolled into RSG so subject to reductions.
Waste Contract	The management of the County's waste through incineration, landfill and recycling. Shared waste contract with Brighton & Hove which includes cost of constructing facilities as well as the operating costs. The Councils have been invited by Defra to take part in a programme to drive out efficiency savings in waste PFI contracts. The review also includes looking at increasing revenues from energy generation.

Highways Contract & Passenger Services	Planned and reactive maintenance for East Sussex roads. The Highways Re-procurement, which is currently in progress is due to commence from the start of 2016/17.
Schools/DSG	Ring fenced government grants.
Looked After Children	THRIVE 3 year programme has allowed cost increases to be avoided; reviews of costs of each child on individual basis (including whether to move children out of agency placements) and the continuation of no inflationary increases for private providers.
Children's Services	Education £30.5m - £9.5m is mandatory Home to School Transport, £9.3m Children's Centres, Schools & Learning Effectiveness Service £4m, SEN High Needs Block £2.5m. Other £26.4m - £15.4m Children Social Care, Special Educational Needs & Disability (SEND) £6.7m, Targeted Youth £4.3m. Plans for SEND reorganisation.
Treasury Management	Under review to reshape loan structure over the MTFP period; interest rates should increase over 2016-2019.
Business Services	Constrained expenditure includes Insurance Premiums, Financial Systems, Pensions Liabilities Management, Property Maintenance and Facilities Management. The partnership with Surrey County Council may provide opportunities to pool budgets and provide savings through joint procurements and shared contracts.
Communities, Economy & Transport	Includes Flood Risk and Emergency Planning, Adult Skills and Learning (Economy), a portion of the Archives & Records expenditure, Trading Standards and a small portion of the Library Services expenditure. Archives are evaluating the impact of energy efficient LED lighting to reduce running costs and some income generating ideas.
Governance	Governance constrained expenditure includes Members allowances, 3 rd Sector contracts, the statutory Coroners' service and Legal costs to support safeguarding children.
Pensions Funding	Includes Unfunded Pensions and lump sum pension contributions. There are no opportunities to reduce costs.
Concessionary Fares	Concessionary Fares is a national scheme - there are therefore limited opportunities to identify efficiencies.
Other	ASC Safer Communities £0.6m, Substance Abuse £0.3m, Children's Services centrally managed savings (£1.1m), Children Information for Families & Equalities £0.3m, Other Children's £0.2m, Levies £0.4m.

One Council Plans in Place



Scrutiny Committee comments on RPPR September 2015

1. Audit, Best Value & Community Services Scrutiny Committee

1.1 The Committee has already established RPPR Scrutiny Boards to examine:

- Library Service;
- Communications; and
- Orbis Business Plan.

1.2 The Committee noted the areas of search for savings and highlighted the need to speed up cost reduction programmes, especially in areas such as digitisation and energy efficiency.

1.3 The Committee resolved to focus further on:

- the Property Strategy and its potential to generate income streams and capital receipts for the Council;
- understanding the impact of the budget reductions on the shape of the senior management and other Council structures; and
- the capital programme, links to the revenue budget and limits on capital spending.

2. Adult Social Care and Community Safety Scrutiny Committee

2.1 The Committee noted the areas of search for savings and the following specific pressures and other factors affecting the Service which were highlighted in response to the Committee's questions:

- growing demographic pressures, particularly in terms of our ageing population;
- delay in the implementation of the cap on care costs;
- introduction of a National Living Wage which will create significant pressures, particularly amongst independent sector contractors as this represents the bulk of the ASC spend;
- problems of pay and recruitment in the region;
- opportunities from further integration with NHS partners; however the NHS is struggling with funding levels and there is some uncertainty as to how much future NHS funding will be routed through Clinical Commissioning Groups (CCG), our main partners in integrating services;
- the likelihood of further changes to the Better Care Fund which will probably not include of direct transfers of funding to local authorities;
- there will be additional funding for winter pressures this year, and the council is in dialogue with CCGs about how this should be allocated;
- rising numbers of Delayed Transfers of Care (nationally); and
- the importance of ensuring that public sector bodies work effectively with community organisations in supporting the development of community resilience, and to ensure there are clear and well sign-posted pathways between services and that we properly understand where the gaps in the mosaic of public and community sector provision lie.

2.2 The Committee requested further information on:

- the potential to raise income by increasing charges, charging for more services, and improving collection rates;
- Community Care spending be presented at District as well as County level;
- what the council is doing to align its spending with NHS partner spending which targets health inequalities;
- the likely impact on the Council, in terms of both directly employed staff and contracted services, of the introduction of the National Living Wage. This should include comment on how the Council intends to address the issue of pay differentials;
- the detail on how the Council is working with public sector partners and District and Borough Councils to ensure that the potential impact of savings plans are understood and that the total public sector spend for East Sussex is allocated wisely;
- how the Council will ensure that staff are not placed under unsustainable pressure by the requirement to reduce funding for services; and

- the work being done to ensure that public and community sector services complement rather than duplicate each other, that signposting and pathways across sectors are clear, and that gaps in total provision are mapped.

3. Children's Services Scrutiny Committee

3.1 The Committee sought more detailed background information about the areas of search and the potential impact of proposed savings and more specifically requested:

- that the Children's Services Budget be presented (at future RPPR discussions) separately from the Dedicated Support Grant;
- more detailed information about the longer-term impact of disinvestment in preventative activities in respect of children's centres, especially the impact of any proposed centre closures;
- more information about the flexibility of health visiting and the extent to which a much more targeted approach could be adopted when dealing with individual families that require a range of support from different health and social work professionals;
- exploration of the impact of a more general disinvestment in preventative activities and the kinds of problems likely to ensue in the future (eg. whether this will ultimately cost the local authority more);
- more information about the extent to which the department considers it would be able to continue to provide services at the current standards given the level of savings required; and
- further exploration of opportunities for income generation.

3.2 The Committee considered that:

- representations should be made to the Department for Education (DfE) arguing that it is no longer sustainable for local authorities to continue to have responsibility for aspects of schools' performance over which they have no direct control;
- in response to anecdotal evidence cited at the meeting that the DfE is actively advising academy sponsors not to purchase services from local authorities, that this matter also be raised with the DfE; and
- if the local authority finds that it is unable to effectively influence schools/academies to improve in areas that we don't control directly, then this would indicate areas to investigate for savings.

4. Economy, Transport and Environment Scrutiny Committee

4.1 The Committee noted the areas of search for savings and recommended that income generation is added to the areas of search for the Communities, Economy and Transport (CET) Department.

4.2 The Committee commented on the premises and business services costs for CET and asked if these costs will be reduced as the Spaces Programme, Agile, Orbis and other initiatives are implemented.

4.3 The Committee commented that it will be difficult to review the savings plans for the CET Department as a whole, without some indication of the contribution being made by the Libraries and Information Service as part of the areas of search.

4.4 The Waste PFI Contract was recognised as a major area of expenditure for the Department. The Committee questioned whether sufficient savings or efficiencies could be delivered by the Waste Contract, given that recycling rates were falling. It was recognised that under performance in recycling rates represents a risk to the Council and the CET revenue budget.

4.5 The Committee recommended that the diagram in appendix 1 of the report (to the Scrutiny Committee) should contain a reference to Business Growth as part of the Council's One Council Plans.

4.6 The Committee expressed concern that the combined Council revenue expenditure in regard to Governance Services, Business Services, Contingencies and Corporate Services is in excess of the entire budget for CET (including Libraries). While it was noted that the preceding concern did not take account of substantive capital expenditure, the fact remains that the impending budget reductions will very severely affect future revenue expenditure.

Income Generation

The income generation project has been looking at a number of areas and initiatives, these have included:

- Advertising – ESCC is actively working on seeking options for using its assets as a basis for generating advertising income. A draft contract is in the process of being considered to put advertisements on the Council's website. Other options being investigated include using the council land, vehicles, roundabouts, verges, lamp posts and payslips.
- Energy - ESCC is developing a new Utilities Strategy that will set out how the Council will be able to minimise its utility costs through a combination of cost saving measures and generating its own energy. Work is already underway to establish the business case for the installation of Solar Panels on County Hall and other Council owned properties, including schools. Energy efficiency measures are being built into the maintenance and replacement programme that the Property Team are undertaking.
- Property – ESCC has undertaken a comprehensive review of all the land and property it owns to see whether it can better optimise them to either generate additional revenues through increased rental or to dispose of them and generate additional capital receipts, which themselves can then be either reinvested in new assets or invested to generate more interest earning. In respect of the Council's own operational buildings such as County Hall, St Mary's House, St Mark's House, etc, the potential future usage for these sites is tied up with the successful implementation of the Agile programme. The Council is also seeking to use the SPACES programme to see how it can optimise the use of properties to provide a more integrated public service delivery model with other Public Sector and Voluntary/Community organisations.
- Alternative funding streams – as the level of Government support continues to reduce it is more important for the Council to find alternative sources of funding to finance its activities. This includes bidding for grants from both local, national (Lottery, Government) and international (European Union) sources. The Council has published a new Corporate External Funding Work Programme and Funding protocol to help services access these alternative sources - see opposite. The Council is currently involved in the development of a number of European Funding bids, as well as developing a Social Investment Bond proposal and talking with Businesses and others about how they can support the delivery of key services to the public.
- Traditional Fees & Charges – some of the Council costs can be recovered by charging customers/clients who use certain services. The Council is undertaking a major review of all the different Fees and Charges it levies to ensure that it is both making all the charges it should be, and that the level of the individual charges is recovering all the costs the Council is incurring.
- Government Grants – over the last year the Council has been reviewing all of its entitlement to Government grants to ensure receives everything to which it is entitled.

Appendix 6 Savings proposals