

Councillor Keith Glazier**Leader**

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The Rt Hon David Cameron MP
 10 Downing Street
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Our Ref
 KG/vf/

Your Ref

Date
 14th January 2016

Dear Prime Minister

Re Local Government Finance Settlement.

I write on behalf of all the group leaders at East Sussex County Council to express our significant concerns about the Local Government Funding Settlement, how it has been handled, and its impact on the residents of East Sussex.

We recognise the Government's continued commitment to reduce the national deficit. In line with the rest of local government, East Sussex County Council has delivered over £78m worth of savings and efficiencies since 2010. We have a mature and proven strategic commissioning approach to shape investment into the Council's four priority outcomes: driving economic growth; keeping vulnerable people safe; helping people help themselves; and making the best use of resources which ensures we maintain shape and focus while delivering a huge agenda of cuts and service reform.

We have been working hard with our partners to develop and deliver appropriate and very ambitious plans to integrate health and social care through an accountable care model, devolution (3SC bid), a fully integrated support service partnership with Surrey (Orbis), continued reform of children's social care, income generation and a raft of service change programmes. Despite this work to reach a balanced and sustainable budget, we have had to consult on a further £70m to £90m cuts programme for 2016/17 to 2018/19. The cuts will significantly reduce the quality of life for many people in East Sussex. Our proposed cuts have to include preventative services which, while offering a short term saving, will cost the taxpayer more in the medium term.

East Sussex is an ageing county: the over 85 population will increase by 7.5% in the next three years. This not only shapes the profile of the residents we need to serve but also their ability to support themselves through action or finance.

We are concerned that the Local Government Settlement means the welcome additional resource that can be made available to meet the social care pressures through the additional levy will be found from local taxation rather than national funding. In addition, the ability to raise a further 2% of council tax will only go a small way to address the very significant pressures on our budget. In East Sussex this would raise an additional £4.7m per year, but would only account for 25% of the pressures we face as a result of the introduction of the national living wage, national insurance changes and other social care pressures. These pressures are added to the rising costs of increased numbers and complexity of the critical and substantial needs of our residents.

The nature of the cuts that we will need to make in balancing the budget include:

- significant savings in Adult Social Care to bridge the gap between demand and resources – jeopardising the work we have done on early intervention
- withdrawal of the universal offer of early help and support to young people for a range of services from support to parents of young children in children's centres to activities for older children and young people
- significant reductions in our library services offer and therefore the presence we have in communities that support the development of community resilience
- reductions in our integrated transport offer.

Some of the initiatives that the Government seems to believe that councils like East Sussex can rely on to make our budgets sustainable are not realistic. There appears to be misunderstanding in relation to the nature of council reserves, the ability to make significant further efficiencies, the likely returns from further sharing of services and the ability to raise income. East Sussex has huge infrastructure challenges which affect our ability to grow the economy by generating sustainable job opportunities and business growth. We have made significant investment into this work and have both a successful inward investment agency and business growth vehicle but our return from investment is significantly constrained by the environmental characteristics of the county.

The funding cuts have been further compounded by the way in which the formula changes have been applied very late in the day. Reductions in funding have not been applied consistently across local authorities in the same way as they have been historically. Where substantial changes have been made we, and other councils, had rightly expected CLG to consult on the planned changes in the way grant would be allocated. Despite early indications that there would be a consultation over the summer/autumn of 2015, this did not happen.

East Sussex County Council Members and officers will continue to work effectively, efficiently and innovatively to support our local residents but we call on the Government to recognise that the current, and planned, approach to funding local government does not reflect the varying needs of places. A model, which takes into consideration the needs and ability of local communities to fund services locally is required.

We call on the Government to:

1. Ensure you fully understand and recognise the impact of the financial constraints on residents.
2. Revisit the grant distribution for future years on the basis of needs so it more fairly recognises the real pressure on social care authorities.

3. Work in close partnership with councils on the future arrangements:
- for national non-domestic rates
 - on the flexibilities and freedoms councils should have to manage their income sources; and
 - on an evidence base as changes to policy and resourcing in areas such as schools apprentices are developed.

The funding outlook for East Sussex County Council and our partners causes great concern to the elected Members, officers and partners in the county. We would be happy to meet with you or your officials to discuss these issues

Yours sincerely



Councillor Keith Glazier
Leader of the Council

And on behalf of:

Councillor David Tutt, Leader Liberal Democrats, East Sussex County Council
Councillor Trevor Webb, Leader Labour Party, East Sussex County Council
Councillor Stephen Shing, Leader Independent Democrats, East Sussex County Council
Councillor Ruth O'Keeffe, Leader Independent Group, East Sussex County Council
Councillor Philip Howson, Leader UKIP, East Sussex County Council

cc George Osborne, Chancellor of the Exchequer
Greg Clark, Secretary of State for Communities and Local Government