

Report to: Place Scrutiny Committee

Date of meeting: 22 July 2025

By: Chief Executive

Title: Reconciling Policy, Performance and Resources (RPPR)

Purpose: To begin the committee's input to the Council's business and financial planning process (Reconciling Policy, Performance and Resources) for 2026/27.

RECOMMENDATIONS:

The scrutiny committee is recommended to:

- (1) Consider information within the 2024/25 end of year Council monitoring report and State of the County 2025 report and the implications for services within the remit of the committee;**
 - (2) Agree key areas for scrutiny focus as part of RPPR planning; and**
 - (3) Establish a RPPR scrutiny board to consider the developing Portfolio Plans and financial plans and to submit scrutiny's final comments on them to Cabinet in January 2026.**
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1. Background

1.1 On 24 June 2025 Cabinet considered two reports which form important annual milestones in the ongoing Reconciling Policy, Performance and Resources (RPPR) cycle – the Council's integrated business and financial planning process.

1.2 The end of year performance monitoring report for 2024/25 set out the Council's position and year-end projections for the Council Plan targets, revenue budget and capital programme, together with strategic risks at the end of March 2025. The State of the County 2025 report set out the current operating context for the Council in preparation for more detailed planning for the 2026/27 financial year and beyond. The report provided an up to date understanding of how the Council will need to continue to respond to the wide range of policy, demographic and financial drivers which influence the outlook for the authority.

1.3 The State of the County report highlighted the significant financial and operational challenges facing the Council. We begin our planning for 2026/27 and beyond from the most challenging financial position the Council has ever faced, with uncertainty about future funding and with the current year's budget being reliant on a further draw from our reserves and the delivery of significant savings. Although the Government Spending Review in June included an increase to core spending power for local authorities and welcome commitments to multi-year settlements and to reduce ringfenced grants, it also confirmed ongoing restraints to overall local government funding, and a continued reliance on Council Tax increases to fund local services, especially social care. The State of the County report highlights that future reforms to local government funding create additional uncertainty and the Government's intention to target funding based on deprivation means there is a risk that redistribution will impact negatively on the Council's future financial position. The Government is also now consulting on its Fair Funding Review 2.0, which sets out in detail its proposals for funding reform by reviewing relative need and updating funding formulae. Work is ongoing to understand the impacts this may have on the Council and we will be responding to the consultation in full.

1.4 The report also set out a wide range of national policy developments and major service reforms and that, whilst the impact of some of these announcements is not yet clear, many will

require a significant local response from the Council and its partners at the same time as working to ambitious timelines for fundamental changes to local government through devolution and local government reorganisation.

1.5 Alongside the high level of both policy and financial uncertainty, we continue to see locally the ongoing legacy of the Covid pandemic and increased cost of living manifest in growing need. Our biggest statutory services – social care for children and adults, support for special educational needs and disability (SEND), transport and highways maintenance – continue to face escalating costs and demand arising from factors largely outside our control. This, along with ongoing workforce challenges and new duties arising from national reforms, is placing unsustainable pressures on services across the Council.

1.6 Taken together, these national and local factors make future service and financial planning very challenging. When the 2025/26 balanced budget was approved by Full Council on 11 February 2025, the deficit on the Medium-Term Financial Plan (MTFP) to 2027/28 was £56.2m. The updated MTFP position at State of the County is an increased deficit by 2028/29 of £70.8m. This is an unsustainable position given our forecast level of strategic reserves is £4.5m by 2029.

1.7 The State of the County report sets out the limited options remaining to the Council in response to the financial position, including further savings and service reductions; use of remaining reserves; or seeking Exceptional Financial Support from Government.

2. Place scrutiny committee engagement in RPPR

2.1 This committee's contribution to the RPPR process is vitally important and is threaded through all scrutiny work. The insight and evidence gathered through previous and ongoing scrutiny work is drawn together and enhanced in specific RPPR sessions which will, ultimately, enable the committee to provide commentary and recommendations to be taken into account by Cabinet and Council before a final decision is taken on the updated Council Plan, budget and MTFP early in 2026. The diagram attached at **appendix 1** summarises scrutiny involvement throughout the annual RPPR cycle.

2.2 The **July scrutiny committee** meeting focuses on reviewing current service and financial performance information contained in the end of year monitoring report, as well as considering new developments which will impact on services as set out in the forward-looking demographic, policy and financial analysis in the State of the County report. This is to ensure the committee has a full understanding of the current context and future pressures for the service areas within its remit.

2.3 The following attachments are provided to support the committee in these tasks:

- **Appendix 2** comprises extracts from the 2024/25 **end of year monitoring report** considered by Cabinet in June and County Council on 8 July – departmental appendices not relevant to this committee's remit have been removed. The Strategic Risk Register (appendix 8 of the end of year monitoring report) is included for information, however the Audit Committee has a lead role in relation to oversight of risk management and the Strategic Risk Register.
- **Appendix 3** contains the full **State of the County report** as considered by Cabinet in June and County Council on 8 July. The committee is invited to focus on the elements relevant to services within its remit, particularly in appendix 2 to the report – the national and local policy outlook.

2.4 Based on the information in the attached reports, and Members' wider accumulated knowledge and evidence, the committee is invited to identify any key areas of focus for scrutiny which it will pursue through subsequent RPPR discussions and/or its wider work programme. This includes any additional information required for the September meeting to inform the committee's input to the RPPR process.

2.5 Areas of interest to be prioritised for scrutiny may arise from, for example, areas experiencing performance challenges or demand pressures, significant policy changes or new service developments. Careful selection of topics to focus on will enable the committee to be well positioned to comment on the impact of service changes, future service delivery and budget proposals as part of the ongoing RPPR process.

2.6 The **September and November 2025 scrutiny committee meetings** will consider any additional information which has been requested and any updated information reported to Cabinet during the autumn. Further refinements to the committees' ongoing work programmes can also be considered at each meeting.

2.7 The committee is also asked to agree the membership of its **RPPR board**, which will meet on **16 December 2025** to agree detailed comments and any recommendations on the emerging Portfolio Plans and financial plans to be put to Cabinet on behalf of the scrutiny committee.

2.8 The **March 2026 scrutiny committee meeting is an opportunity to** review the process and scrutiny input into the RPPR process and receive feedback on this input has been reflected in final plans. Any issues arising can be reflected in the future work programme.

2.9 Running alongside the scrutiny process, whole Council Member forums will ensure that Members can keep an overview of the emerging picture across all service areas including the impacts of national announcements on our plans. Chief Officers will also provide any briefings required by group spokespersons to assist them in contributing to the RPPR process.

BECKY SHAW
Chief Executive

Contact Officer: Patrick Major, Policy and Scrutiny Adviser
Tel No. 07701 258227
Email: patrick.major@eastsussex.gov.uk

Local Members:

All

Background Documents:

None