

REPORT OF THE CABINET

The Cabinet met on 29 June and 13 July 2021. Attendances:-

Councillor Glazier (Chair) (2)

Councillors Bennett (2), Bowdler (2), Claire Dowling (2), Maynard (2), Simmons (2) and Standley (2)

1. Council Monitoring 2020/21 – end of year

1.1 The Cabinet has considered a report on performance against the Council Plan, Revenue Budget, Capital Programme, Savings Plan and risks for 2020/21. Broad progress against the Council's four strategic priority outcomes is summarised below and an overview of performance and finance data is provided in the Corporate Summary at Appendix 1. Strategic risks are reported at Appendix 7 and a detailed report for each department is provided in Appendices 2 to 6.

Overview of Council Plan outturns 2020/21

1.2 36 (69%) of the 52 Council Plan targets were achieved and nine (17%) were not achieved. It should be noted that the pandemic affected seven of the targets not achieved. Seven (14%) are carried over for reporting in quarter 1 of 2021/22. The carry overs are measures, where action has been completed, but the year-end outturn data is not yet available to report against the target. One Children's Services performance measure: the average time between a child entering care and moving in with its adoptive family, for children who have been adopted (days), has been removed from the adoption scorecard by Government and therefore is not applicable (see Appendix 4, ref i).

1.3 Of the 52 targets, the outturns for three (6%) are not comparable with the outturns from 2019/20. Of the remaining 49 measures which can be compared, 32 (62%) improved or were at the maximum (i.e. the most that can be achieved); two (4%) remained the same; eight (15%) deteriorated; and seven (13%) are carried over for reporting at quarter 1 2021/22. Although eight measures are showing a lower outturn compared to 2019/20, three of these have met their target for 2020/21.

1.4 The Strategic Risk Register, Appendix 7, was reviewed and updated to reflect the Council's risk profile. Risk 14 (Post European Union (EU) Transition) has updated risk definition, controls and post mitigation score. Risk 8 (Capital Programme) has updated risk definition and controls. Risk 1 (Roads), Risk 4 (Health), Risk 6 (Local Economic Growth), Risk 9 (Workforce), Risk 15 (Climate) and Risk 16 (Covid-19) have updated risk controls.

2020/21 Budget Outturn

1.5 The financial challenge for 2020/21 has been to manage the revenue and capital budgets set in February 2020, whilst meeting the pressures of COVID-19 with significant levels of additional one-off government funding. The end of year financial monitoring follows the same format used throughout 2020/21; split into Planned Budgets/Business as Usual (non-COVID-19) and COVID-19 related items.

1.6 Revenue: The total revenue underspend for 2020/21 is £26.921m. £15.132m relates to COVID-19 general funding which has yet to be spent and will be carried forward to 2021/22 to meet the ongoing costs of COVID-19. More than £99m of COVID-19 funding has been received, the carry forward reflecting the cashflow of when funding was provided and when the costs are incurred. The remaining £11.789m underspend relates to Business as Usual activity and arises primarily from underspending in Adult Social Care (£4m), as a result of the level of client deaths being in excess of normal modelled levels, and in Corporate Budgets (£6.8m), where the £3.9m General Contingency budget was not required to be applied and Treasury Management underspent by £2.7m due to no additional borrowing during the year. The 2020/21 budget outturn position is exceptional, with neither the underspending on COVID-19 or Business as Usual being

able to be relied upon in future years. Until there is a longer term financial settlement for local government beyond the current one-year approach, the medium to long term financial outlook for the Council remains very uncertain.

1.7 Capital: Total capital expenditure of the year totalled £72.3m compared to the programme budget of £81.3m. There was limited impact of COVID-19 on the capital programme, with slippage across a number of schemes for specific project reasons.

1.8 Appendices 1 to 6 provide the detailed information to support the headline position for 2020/21.

Progress against Council Priorities

Driving sustainable economic growth

1.9 We have continued to make good progress in areas contributing to the East Sussex Growth Strategy in 2020/21. The East Sussex Recovery Plan, 'East Sussex Reset', was developed in quarter 2 through Team East Sussex and provides over £88m of investment for interventions to support East Sussex businesses, employees, those unemployed and to improve places within the county. Business support programmes have assisted businesses to create or safeguard 179 jobs and Locate East Sussex have supported 32 businesses to remain within, or relocate into, the county. Over 10,000 young people, parents and carers tuned in to watch a Virtual Careers Hub event 'What's Next Sussex' during quarter 3. The Careers Hub continued to develop its online resources during 2020/21, with the website receiving over 1,700 views of the seven Open Doors workplace virtual tours and tasks, and 600 pieces of work submitted by students (Appendix 5).

1.10 The Council worked throughout 2020/21 to ensure that schools have remained open for vulnerable pupils and the children of key workers during national lockdowns. We have also helped schools to prepare for the full return of pupils in September 2020 and March 2021. Activities to support schools have included establishing 'Keeping Schools Open' and 'Early Years Communication' groups to co-ordinate our response and support for schools; establishing a 'Vulnerable Children's Risk Assessment Group' to identify vulnerable children in every school; and launching a 'Back to school – We are Ready!' communications campaign during summer 2020 (Appendix 4).

1.11 The Transport for the South East (TfSE) Shadow Partnership Board met in quarter 2 and approved a 30-year transport strategy, which sets out an ambitious 2050 vision for the region which shows that with the right investment in the region's transport network the South East's economy will more than double, creating an additional 500,000 jobs, boosting quality of life and access to opportunities and helping to cut the South East's carbon emissions to net-zero. TfSE submitted a proposal for statutory status to the Government in quarter 2, although this was rejected, the Secretary of State acknowledged the good working relationship between TfSE and the Government (Appendix 6).

1.12 Construction of the Newhaven Port Access Road was completed in quarter 3, with landscape planning and wildflower seeding continuing in quarter 4. The Council completed 147 highway improvement schemes in 2020/21 as well as 282 schemes of minor works. 26,360 potholes were repaired, with 90% of carriageway potholes completed within the required timescales. The Home to School Transport team worked through the Transport Hub with parents, schools and operators to successfully manage the return of pupils to school in a COVID-19 secure way throughout 2020/21 (Appendix 5).

Keeping vulnerable people safe

1.13 Trading Standards made 38 positive interventions to protect vulnerable people in quarter 4; this brings the total for 2020/21 to 218. Interventions have included visiting vulnerable people, installing call blockers, and rapid responses to people at risk of being defrauded. Trading Standards received fewer referrals of potential vulnerable victims from the National Trading Standards Scams Team during the pandemic, which has reduced the number of interventions made. The Association of Chief Trading Standards Officers published a national report in quarter 4, which reviewed the Council's performance during 2019/20. The report showed that East Sussex Trading Standards helped to prevent residents of East Sussex from losing an estimated

£250,000 in a single year. It also highlighted that nearly 300 scams victims were helped, around 10,000 counterfeit products with a street value of £100,000 were removed from the market, £20,000 worth of tobacco was seized, and fraudulent traders were ordered to pay back £114,000 through the Proceeds of Crime Act (Appendix 5).

1.14 The new Regional Adoption Agency, Adoption South East, went live on 1 April 2020, with the Council leading on behalf of Brighton & Hove City Council, West Sussex County Council and Surrey County Council. Working in a regional way will bring a wider range and number of adopters, allowing us to find more loving permanent homes for children more quickly. (Appendix 4).

1.15 The Council used funding received as part of the COVID Winter Grant scheme to provide extra targeted support to those in need. A significant proportion of the funding was used to provide food vouchers to pupils eligible for free school meals during the Christmas, February half term and Easter Holidays. Vouchers were also provided to 16-19 year old pupils eligible for free school meals and two, three and four year olds attending early years provision who were eligible for pupil premium. We have provided vouchers to approximately 17,000 pupils at a cost of almost £1.4m (Appendix 4).

1.16 The rate of referrals and assessments to Children's Social Care have remained fairly stable during 2020/21. Referrals from the police and social work teams increased during the first lockdown, but referrals from schools were at much lower levels than seen previously. With the return to schools in September 2020, the number of contacts to the Single Point of Advice increased to near pre-lockdown levels. The Council has been able to respond safely to these changes and to increased pressures around mental health, domestic abuse and substance misuse, without changing thresholds for services. The number of children subject to Child Protection (CP) plans reduced from a rate of 59.9 (637 children) at the end of September 2020 to 49.5 (525 children) at the end of March 2021; as a result of targeted work to reduce the numbers of CP plans safely. The numbers of Looked after Children (LAC) have remained broadly stable in 2020/21; although there has been a small increase in the number of LAC this is connected to the ongoing commitment to take Unaccompanied Asylum Seeking Children (UASC) (Appendix 4).

1.17 Care home and home care providers have faced significant challenges during the pandemic, including Personal Protective Equipment (PPE) provision during the first wave; managing significant outbreaks of COVID-19 amongst residents and staff; and supporting residents, care staff and families through loss and bereavement. The Council has supported a range of care homes with the provision of temporary staff; meals; deep cleaning; infection prevention and control guidance; and psychological wellbeing support for staff (Appendix 2).

1.18 Domestic Abuse (DVA) and Sexual Violence (SVA) services continued to offer support through the third lockdown period. The impact of lockdown on the number of referrals made to DVA services in quarter 4 has not been as significant as during previous lockdowns. All commissioned providers have Business Continuity Plans to ensure they are able to deliver priority services, including having supplies of PPE, robust procedures around testing and isolating staff and refuge residents, maintaining open communication and supporting staff wellbeing. However, referrals to rape and sexual violence services for children, young people and adults increased through quarter 4, as services had anticipated, following the re-opening of schools (Appendix 2).

Helping people help themselves

1.19 The Council was the first local authority to order laptops for students who needed equipment to access online learning during school closures during summer 2020. We supported the allocation of 1,187 laptops and tablets to the most vulnerable year 10 pupils as part of the scheme. Working in partnership with Uni Connect and Hastings Opportunity Area, the Council also ordered over 200 additional devices to support the most vulnerable (Appendix 4).

1.20 Work has continued throughout 2020/21 on further health and social care integration to support people during the pandemic, including out of hospital support and discharge hubs to ensure timely discharge to appropriate ongoing care. Our integrated management arrangements and the community health and social care services Target Operating Model (TOM) have continued to help us manage the high levels of system pressure experienced, and the delivery of the East Sussex and Sussex-wide health and social care COVID-19 winter plans (Appendix 2).

1.21 We have received positive results from a number of the behaviour change trials and also the speed management programme. These include the final results from the Notice of Intended Prosecution (NiP) Trial, which have shown that receiving the redesigned NiP and leaflet significantly reduced speeding reoffending by 23% within six months. This would translate to 560 fewer reoffences over the six months if everyone in the trial had received the new leaflet and NiP. The results of the Anniversary Trial have been analysed and showed that 8% of the participants were less likely to reoffend after engagement with the trial, which meant 80 fewer reoffences than business as usual. Preliminary results from eight schemes that were part of the Speed Management Programme have indicated over a 50% reduction in the average number of crashes and over a 60% reduction in the average number of casualties per annum (Appendix 5).

1.22 East Sussex secured agreement for four new schools from the Department for Education in 2017. The first school, The Workplace, an alternative provision free school, and Ropemakers Academy, a special school for children with social, emotional and behavioural difficulties opened in September 2020. The Flagship School, a special school for children with autism and social, emotional and mental health difficulties is due to open in September 2021. The Council has also supported two new Specialist Facilities to open in secondary schools, from September 2020, in Lewes and Robertsbridge, these facilities will offer additional provision for pupils with autism (Appendix 4).

Making best use of resources

1.23 The Council continued to lobby the Government during 2020/21 to address the immediate costs of COVID-19 and to provide a sustainable financial settlement for 2021/22 and beyond. As a result of lobbying, undertaken across the sector, the Spending Review published in November 2020 included several provisions that assist our financial position in 2021/22, including some additional grant funding for social care. However, much of the announced 4.5% increase in 'core spending power' for councils is required to be raised through Council Tax increases, which is an unsustainable solution to funding ongoing pressures on social care. The Spending Review was also for one year only, so there remains considerable uncertainty about resources for 2022/23 onwards (Appendix 6).

1.24 The Council declared a climate emergency in October 2019 and is aiming to achieve carbon neutrality in all its operations as soon as possible and by the latest 2050. During 2020/21 the Council agreed a Climate Change Action Plan for 2020 – 2022 which encompasses a number of projects to reduce our emissions such as improving the efficiency of street lighting and implementing an Electric Vehicle Strategy. Significant external funding has been secured during 2020/21 by several partnerships the Council has been working with to reduce carbon emissions. This funding includes a £13.9m South East Local Enterprise Partnership wide programme to help businesses cut their carbon footprint; £2m for the East Sussex Energy Partnership to address fuel poverty; and £135,000 to drive new investment in projects to off-set carbon emissions, such as tree planting (Appendix 5).

1.25 We are also working to reduce the carbon emissions from our operations through projects such as improvements to lighting; air conditioning and controls of boilers and heating systems; upgrading insulation; and replacing windows. The reduction in carbon use from our operations in 2020/21 was 14.6%, against a target of 13%. This breaks down as a 15.7% reduction for schools and 13.1% reduction for non-schools. Energy demand has been reduced through the pandemic period by the temporary closure of some buildings and part utilisation of others, offset partially by elevated energy demands due to increased heating to balance out the natural ventilation required to keep spaces COVID-19 secure (Appendix 3).

1.26 During quarter 1, in light of COVID-19 restrictions, Governance Services moved Council meetings to a remote meeting format using video conferencing technology. Local democratic accountability and transparency were maintained throughout. The webcasts of Council meetings were viewed 8,102 times in 2020/21 (Appendix 6).

COVID-19 response

1.27 Working alongside partners, the Council played a key role in establishing Community Hubs and support to the Clinically Extremely Vulnerable (CEV) in quarter 1. The definition of people considered CEV was expanded in quarter 4, with over 38,000 people now identified as

such. Health and Social Care Connect and the Community Hubs have provided support to CEV people throughout 2020/21, including helping people to access national registration and supermarket priority schemes, via the National Shielding Support Service, and emergency food box provision. The Council has also supported residents who were required to self-isolate in East Sussex with, assistance to access food; befriending and wellbeing services; mental health support; and the delivery of prescriptions (Appendix 2).

1.28 The Emergency Planning Team played a key role in co-ordinating the Council's response to COVID-19 and EU exit preparations throughout 2020/21. Volunteers from teams across the Communities, Economy and Transport department stepped forward to work in the virtual Emergency Co-ordinating Centre to help organise the response for the Council, whilst other staff volunteered to work directly with the police in the Sussex Resilience Forum. Staff in Libraries and Parking assisted Adult Social Care (ASC) in making calls to the shielded group. Staff in the Transport Hub team assisted ASC in delivering food packages to those shielded groups in need and are currently delivering COVID-19 testing kits to pharmacies and Libraries. Emergency Planning have taken the lead in the distribution of COVID-19 lateral flow testing (LFT) kits across Sussex and worked in partnership with both West Sussex County Council and Brighton and Hove City Council to roll out a programme of assisted LFT at Community Pharmacies and the collection of LFT kits residents can use at home to self-test. Staff from the Highways Team put out signage and information on maintaining social distancing in town and village centres during 2020/21 and worked with the Emergency Planning Team and Public Health to add testing and vaccination centres to gritting routes, grit associated car parks and footways, and install direction and guidance signage to assist the public locate the sites. (Appendix 5).

1.29 The Council has continued to support the COVID-19 testing programme in quarter 4, two additional Local Testing Sites (LTS) were set up in Crowborough and Hailsham, and the LTS in Hastings was successfully relocated following the closure of the original location. We have also worked with Brighton and Hove City Council and West Sussex County Council to implement an asymptomatic community testing service, enabling people who need to leave home for work, volunteering or caring roles to undertake regular tests (Appendix 2).

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. The report sets out the current context and provides an overview of the latest position in preparation for more detailed planning for 2022/23 and beyond. It builds on our recent year-end monitoring report to reflect on our achievements over the last year, the challenges in the year ahead arising from both local and national factors and, in light of this, begins to refine our plans to guide our business planning and budget setting processes.

2.2 This report contains the normal elements included in the State of the County report: the demographic evidence base; the national and local policy context; Medium Term Financial Plan and Capital Programme. It gives our up to date understanding of how we will need to continue to respond to the wide range of policy, demographic and financial drivers which influence the outlook for the Council, including the implications of Covid-19, both in the short and longer-term.

2.3 Significant uncertainty continues to dominate the context within which we are working. The ongoing impact of Covid-19 remains hard to predict, both in terms of the potential for further waves of infection, and the scale and nature of the undoubted far-reaching implications on our residents and businesses which will influence need and therefore demand for our services. The financial outlook remains unclear with a further one-year financial settlement anticipated for 2022/23 and key national reforms having been subject to further delay. The national policy agenda continues to evolve rapidly, with legislative and policy changes that respond to the UK's departure from the EU and new global positioning, societal changes brought and exacerbated by the pandemic, and the climate emergency. This is alongside a range of public service reforms signalled by Government, the impacts of which are not yet fully clear.

2.4 The Council spends over £800m gross each year (£400m net) and it is vital that these resources are deployed, in partnership with others, in the most effective way to support our priorities and core service provision. By managing our resources carefully over many years, and with the additional Government Covid support we could not have predicted, we have been able to maintain stability in service provision through the period of the pandemic and our current position is secure. However, the financial outlook in the medium term remains very challenging and uncertain. We have a limited window of opportunity now to consider any further preparations we can make for the period ahead, including any areas for one-off investment which would help us better manage future demand for services.

2.5 Against this background the report sets out the proposed lobbying and communications focus to help us ensure that the Government is aware of the needs of our county and the urgent need for a sustainable multi-year funding settlement for local government as a whole, and Adult Social Care specifically, if we are to maintain core services in the future in light of growing demand and ever diminishing resources.

Current Position

2.6 The County Council plays a key role in the quality of life of the residents, communities and businesses of East Sussex through services, employment, purchasing and how we work in partnership with others. The past year has placed an even sharper focus on this essential role as local families, communities and businesses sought support to deal with the impacts of Covid-19. It has been a year of extreme challenge but also significant achievements, from supporting the local health and care and education sectors with the challenges they faced, to adapting our own services and ways of working at pace to cope effectively with the emergency. Our assessments of the ongoing levels of need arising from the pandemic are constantly being refined and will continue to influence our plans as we better understand the longer-term implications and our role in recovery.

2.7 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 recovering from the Covid driven recession. The Government will have to consider how it begins to pay off the borrowing it has undertaken during the pandemic – 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 shape of the post-Brexit and post-Covid economic and policy agenda, the impact of new post-EU funding regimes and the Government's Levelling Up programme.
- Specific uncertainty over the future of local government funding, and delays to key reforms. The level of Government funding that ESCC will receive from 2022/23 onwards is not confirmed; Spending Review 2020 was for a single year and therefore funding for this planning period will be announced at Spending Review 2021 which is likely to be in the autumn. Additionally, the Fair Funding Review and Business Rate Retention reform have now been confirmed delayed until at least 2022/23. These are significant areas of change that currently are not fully understood and cannot be fully quantified but will have potentially significant financial impact.
- The lasting impact the pandemic will have on young people in terms of education and employment opportunities.
- The growing impact of climate change, the national and local commitments to achieve carbon neutrality and the introduction of a range of new measures through the Environment Bill.
- The impact of Government reviews and reforms of public services – for example legislative developments in health and social care integration, measures to support NHS recovery

post-Covid, structural changes in Public Health, reviews of children's social care and Special Educational Needs and Disability (SEND), and the nature of planned reforms to Adult Social Care and the role of local government in the future.

- Significant national policy developments related to infrastructure, transport and planning and, locally, the re-procurement of our highways contract and refresh of our Local Transport Plan.
- The opportunity to build on positive work with our public and Voluntary and Community Sector (VCS) partners during the pandemic to further develop our ability to tackle issues in partnership in the future, including building community wellbeing and responding to the increased need that is likely to persist in our communities for some time to come.
- The ongoing need to support post-Covid recovery and adjustment, both in our services and for society and the economy, against a backdrop of residual risk of further waves of infection and the potential need for an ongoing vaccination programme.
- The opportunity to adapt the back office support provided to the organisation to ensure it remains relevant and resilient in light of changing national and local priorities.
- Reviewing the way that we work and accelerating our planned changes to move towards a more hybrid way of working, and evolving our working practices to ensure we have modern, flexible workspaces and workstyles.

2.8 The local and national policy context at Appendix 9 sets out the latest thinking on these and other current issues, although plans will continue to develop over the summer as more information emerges.

2.9 Against a background of ever diminishing resources and increasing demand, especially in social care, the Council has made significant savings over the past 10 years to live within our means. Taking these difficult decisions in a timely way, together with one-off additional support from Government, has enabled the Council to weather the Covid storm without needing to propose further savings at a time when our communities were in acute need of our support. Sound financial management has placed the Council in a relatively stable position for the current year and provided us the ability to offer support to the county's immediate Covid recovery. However, the outlook in the medium term is far more challenging and there remains a significant gap between the income we expect to receive and the costs of providing core services. Fundamentally, without further Government support or sustainable reform of local government finances we will not have the funding we need for the future. Further detail on the financial outlook is provided at paragraphs 2.19 to 2.24.

2.10 In all our activities, and in planning for the future, the County Council continues to work to our guiding principles that:

- 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 through treasury management, working to secure sustainable national funding and working in partnership with other organisations;
- We work towards achieving carbon neutrality in our activities as soon as possible and take account of the climate impact of what we do;
- We remain focused on delivering our priority outcomes;
- We carry out all we do professionally and competently; and
- We remain ambitious, optimistic and realistic about what can be achieved.

Demographic and Demand Changes and Financial Background

2.11 Appendix 8 sets out the key factors affecting the County in relation to demography, housing, deprivation, health, the environment and economy, and the impact these are having on demand for our services. The main issues driving demand are:

- **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. The older population is at greater risk from Covid-19 and its longer-term health implications.
- **Children and Young People** – since 2018 our numbers of looked after children have remained fairly stable, however our active participation in the National Transfer Scheme has seen a rise in the number of Unaccompanied Asylum Seeking Children looked after by the authority. The number of children and young people with Education, Health and Care Plans (EHCPs) has continued to increase over the last six years, the majority of the increase is due to increasing numbers of young people in the Key Stage 5 and post 19 age groups with EHCPs.
- **Economy**- the percentage of people claiming unemployment benefits has risen due to the pandemic and its impact on the economy. Younger adults have been particularly affected, with 10.2% claiming unemployment benefits. Parts of the County have higher percentages of people employed in the retail and wholesale and accommodation and food sectors than the national average, these are sectors that have been more affected by both Covid-19 restrictions and the impact of Brexit.
- **Climate change** – CO2 emissions were falling in all sectors in East Sussex except transport before the pandemic. Although we had the lowest emissions of carbon dioxide per person of all the County Council areas in England, further reductions will be needed.

2.12 Covid-19 has affected levels of demand for our services and the short-term impact of the pandemic can be seen across a number of themes in Appendix 8. However, the longer-term effects will take longer to emerge, and for some key indicators the latest available data is from before the pandemic.

2.13 The ongoing pandemic continues to have an impact on Business As Usual in-year, and therefore there are budget adjustments required which are set out in Appendix 10 section N. Quarter 1 monitoring will provide an update to this.

Council Priority Outcomes

2.14 The Council's business and financial planning is underpinned by its four priority outcomes, which provide a clear focus for decisions about spending and savings and direct activity across the Council.

2.15 The current four priority outcomes are:

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

The priority outcome that the Council makes the “best use of resources in the short and long term” is a test that is applied to all activities to ensure sustainability of our resources, both in terms of money and environmental assets.

2.16 The priority outcomes, and their subsidiary delivery outcomes, were reviewed and updated during 2020/21 to ensure that 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-Covid operating context which will continue to form the backdrop for our work in the medium term.

2.17 Our ongoing work to respond to climate change as an organisation has been reflected within the 'making best use of resources in the short and long term' priority outcome and its associated delivery outcomes. The Cabinet has agreed that, for planning purposes, the wording of the priority be changed to 'making best use of resources now and for the future' to better reflect the greater emphasis that is being placed on addressing and adapting to climate change. This will ensure that the future impact of the choices we make about using resources is actively considered across all that we do, as well as the here and now. Cabinet has agreed the priority and delivery outcomes (appendix 12) as the basis for future business and financial planning, subject to this amendment.

2.18 Our Core Offer also continues to underpin our business and financial planning. It 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 Core Offer was also reviewed during 2020/21 and some changes made to reflect new responsibilities arising from Covid to ensure it remained up to date.

Medium Term Financial Plan, Savings and Reserves

2.19 The Cabinet has agreed the Medium Term Financial Plan (MTFP) and associated updates as set out at Appendix 10 as the basis for financial planning.

2.20 The updated MTFP has a revised total deficit of £18.415m by 2024/25 (with a £1.734m deficit in 2022/23), compared to £14.448m when the budget was set in February 2021. The MTFP will be developed during the RPPR process and, through scenario planning of future funding and pressures, may take us to a balanced or surplus position in 2022/23, whilst maintaining an overall reduced deficit over the life of the MTFP.

2.21 Outside of the MTFP a potential risk should be noted around the Local Council Tax Reduction scheme: Lewes District Council approved at its Cabinet meeting on 10 June 2021 to commence the statutory consultation process to make changes to their Local Council Tax Reduction Scheme. The proposal will see a move from 80% to 100% reduction in a person's Council Tax liability, if qualifying conditions are met. This report projects an annual loss of Council Tax income for the County Council of £989,000. If implement this would increase the overall deficit on the Medium Term Financial Plan currently presented.

2.22 An update on savings is provided at Appendix 10, section 2. The impact of Covid-19 and funding implications has enabled a review of the deliverability of these targets. The detailed savings schedule at Appendix 10a shows revised planned savings of £4.561m, after the removal of Children's Services safeguarding savings, and slipped savings from previous years of £2.874m bringing the total to £7.435m.

2.23 Appendix 10 also provides an update on reserves which total £136.4m as at 1 April 2021. Given the level of financial and operational uncertainty, the level of reserves is still considered reasonable given the General Fund Balance (£10.0m), an in-year budgeted contingency (£4.0m), and the balance estimated to be remaining on the Financial Management Reserve (£25.1m).

2.24 With the impact of COVID-19 providing the opportunity to reset the 2021/22 budget and release £8.855m (Appendix 10, reference N) as a one off reserve contribution, the Cabinet has agreed that proposals will be brought forward in the autumn for potential further one-off investment in highways, infrastructure and climate change. These will be either aligned to the MTFP or the refresh of the Capital Strategy and investment principles as appropriate.

Capital Programme

2.25 The approved Capital Programme has now been updated to reflect the 2020/21 outturn and other updates in accordance with the approved governance and variation process, revising the gross programme down to £527.5m to 2029/30. The details are set out in Appendix 11, together with the revised programme.

2.26 As well as updating the programme for year end and approved variations, the appendix also outlines areas of work that are being developed in priority basic need areas, including highways, Environmental and Social Governance (ESG), school places and Special Educational Needs and Disability (SEND) provision. The programme is already supported by borrowing of £227.9m to 2029/30 which has an associated revenue impact. Revised targets and new need are likely to add to this and any impact will be presented for consideration.

2.27 Further updates will be made to the programme and Capital Strategy as part of the RPPR 2022/23 process to extend the programme by a further two years to maintain a 10-year planning horizon and to link into and support the Council's other strategies.

Lobbying and Communications

2.28 Our track record of running our services effectively and efficiently, coupled with additional one-off Government support during the pandemic, has meant we have been able to provide relative stability for our residents during the Covid emergency. This strong local foundation and temporary national funding also enables us to support recovery, prepare for the future and respond to additional demand in the short-term. We will continue to engage with local communities, organisations and networks to understand the changing nature of need in the county. This includes the disproportionate impact of Covid-19 on some groups and how this may influence the future demand for support services for some time to come.

2.29 However, the medium term outlook remains highly challenging. We face a significant financial gap, the uncertain impact of national reforms in major service areas and a lack of clarity on long-term funding arrangements, particularly for Adult Social Care, which makes planning for the future difficult. In the context of this ongoing uncertainty, and the potential for volatility in future funding as the impact of the Covid pandemic continues to unfold on the economy and public purse, our lobbying will continue to call for certainty of future funding for local government, and funding that is appropriately reflective of local need. This will be paramount to ensuring we secure adequate resource to deliver what will be required to support East Sussex residents, communities and businesses with the core services they require, including opportunities to continue positive preventative work that could most effectively manage future demand for services.

2.30 We will continue to work with local MPs and local, regional and national partners to make this case. Through work with South East 7 partners we will highlight the particular strengths and needs of the South East and the benefits of investment in the region through a joint approach to lobbying at regional level.

Next Steps

2.31 Work will continue over the summer to further refine our understanding of the medium term impacts on our services of the coronavirus pandemic, national reforms and the financial resources that will be available to us in the coming years. We will continue to press the case for a multi-year financial settlement which enables us to plan ahead with more certainty but if there is a further one year settlement we will use our RPPR process to plan accordingly

2.32 The Cabinet has agreed that officers report back to Members in the autumn with an updated assessment of our service demand and funding expectations to inform more detailed business and budget planning for 2022/23 and beyond.

CABINET

2.33 Members will continue to be consulted on plans as they are developed through Cabinet, County Council, Scrutiny Committees, Whole Council Forums and specific engagement sessions throughout the 2021/22 Reconciling Policy, Performance and Resources process.

13 July 2021

KEITH GLAZIER
(Chair)