

Report to: People Scrutiny Committee

Date of meeting: 22 July 2022

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 2022/23.

RECOMMENDATIONS:

The Scrutiny Committee is recommended to:

- (1) Consider information within the 2021/22 end of year Council monitoring report and State of the County 2022 report relevant to the remit of the committee;**
 - (2) Comment on the proposed criteria for assessing one-off investment proposals as set out in paragraph 1.6;**
 - (3) Agree key areas of interest for scrutiny and to ensure these are reflected in the Committee's future work programme, including any further information required for consideration by the Committee at its September meeting and/or awayday; and**
 - (4) Establish a RPPR scrutiny board to consider the developing Portfolio Plans and Medium Term Financial Plan and to submit scrutiny's final comments on them to Cabinet in January 2023.**
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1. Background

1.1 On 27 June 2022 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 2021/22 set out the Council's position and year-end projections for the Council Plan targets, Revenue Budget, Capital Programme, and Savings Plan, together with Risks at the end of March 2022. The report highlighted that, despite difficult circumstances through 2021/22, the Council had continued to deliver key services and met the majority of the challenging targets set for the year, as well as forecasting a small net underspend as a result of careful budget management.

1.3 The State of the County 2022 report set out the current operating context for the Council and provided an overview of the latest position in preparation for more detailed planning for the 2023/24 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. The RPPR process, bringing together our policy, business and financial planning and risk management, provides the vehicle for the Council's service and financial planning in this changing environment.

1.4 State of the County highlighted the significant uncertainty which continues to dominate the context within which the Council is working. The challenging national economic environment and recent increases in the cost of living have direct impact locally, both in terms of the impact on our residents, particularly the most vulnerable, and in terms of cost and resource pressures on the

Council itself. Many of our major, demand-led, services are, or are likely to be, subject to significant national reforms, with accompanying service and financial risks to manage, and there is a continuing pressing need to work towards addressing the impacts of climate change. Although we have now moved to a position of living with Covid, the impact of the pandemic is ongoing and will continue to have consequences for people, businesses and services in the short and longer term. We are also playing an increased role in supporting people displaced by global conflicts and seeking refuge in East Sussex. All these factors combine to create the volatile and highly challenging backdrop against which the Council must plan for the future.

1.5 When the 2022/23 balanced budget was approved by Full Council on 8 February 2022, the deficit on the Medium Term Financial Plan (MTFP) to 2024/25 was £9.608m. Updating the MTFP for normal factors (such as the latest inflation rates and an additional year), the position would have been a deficit budget position by 2025/26 of £14.999m. The impact of the pandemic, global supply chain issues and levels of inflation not seen for decades, combined with the Ukraine situation, has led to an unprecedented level of financial uncertainty. At a national level, the Government funding that ESCC will receive between 2023/24 – 2025/26 is yet to be confirmed. In addition, there are a range of significant policy and legislative changes across services, particularly within Adult Social Care and Children's Services, the financial impacts of which are not yet clear. With all this uncertainty, it was not possible to present a draft MTFP to 2025/26 as part of the State of the County report. It is planned to work through the details required over the summer as more information becomes available and also factor in the budget requirements for services.

1.6 The report outlined that opportunities are now being considered for use of the one-off Services Grant of £5.175m provided by Government for 2022/23, which Council agreed in February would be held in reserves for one-off investment opportunities. Investments can be revenue and/or capital in nature and can be spread across multiple years. It is proposed that any investment ideas should focus on, and be assessed against, the following principles:

- enabling a significant improvement in delivering to the Council's priorities and/or performance targets
- managing service demands
- avoiding future costs
- proactively addressing known future issues; or
- having a positive impact on the Medium Term Financial Plan.

Cabinet endorsed these draft criteria and agreed to seek views from scrutiny on them. A final set of criteria and investment proposals for consideration will be reported as part of the RPPR process through the autumn.

2. Scrutiny engagement in RPPR

2.1 Scrutiny'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 each Scrutiny 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 2023.

2.2 Both People and Place Scrutiny Committees agreed in March to consider the end of year monitoring report and State of the County report annually at the Committees' July meetings in order to enhance scrutiny's consideration of performance achievements and challenges over the preceding year, alongside earlier engagement with the forward-looking demographic, policy and financial analysis in the State of the County report. The **July Scrutiny Committees** therefore have a particular focus on reviewing current service and financial performance information as well as considering new developments which will impact on services, to ensure a full understanding of the current context and future pressures for the areas within the remit of each Committee.

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

- **Appendix 1** comprises extracts from the 2021/22 **end of year monitoring report** considered by Cabinet in June and County Council on 12 July – departmental appendices not relevant to this Committee's remit have been removed. The Strategic Risk Register 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 2** contains the full **State of the County report** as considered by Cabinet in June and County Council on 12 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 interest or lines of enquiry which it will pursue through subsequent RPPR discussions and/or its wider work programme. This includes any additional information required for the September meeting or awayday to inform the Committee's input to the RPPR process. Areas of interest to be prioritised for scrutiny may arise from, for example, areas experiencing performance challenges, 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.

2.5 The Scrutiny Committee is also asked to agree the membership of its RPPR board, which will then consider the developing MTFP and Portfolio Plans in more detail as they emerge in the autumn/winter.

2.6 The **September 2022 work planning awayday** provides an opportunity to receive more information on any particular areas of interest identified by the committee, and to review the overall work programme to ensure it is aligned to strategic priorities for the Council and scrutiny.

2.7 The **September 2022 and November 2022 Scrutiny Committees** can consider any additional information which has been requested and any updated information reported to Cabinet during the autumn. Further additions or refinements to the Committee's ongoing work programme can also be considered at each meeting.

2.8 The **RPPR scrutiny boards** meet in **December 2022** to agree detailed comments and any recommendations on the emerging Portfolio Plans and financial plans to be put to Cabinet on behalf of their parent Scrutiny Committees.

2.9 The **March 2023 Scrutiny Committees** review the process and their input into the RPPR process and receive feedback on how scrutiny input has been reflected in final plans. Any issues arising can be reflected in the future committee work programme.

2.10 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**

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Local Members:

All

Background Documents:

None