

## REPORT OF THE CABINET

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The Cabinet met on 13 December 2022 and 24 January 2023. Attendances:-

Councillor Glazier (Chair) (2)

Councillors Bennett (2), Bowdler (2), Claire Dowling (2), Maynard (1), Simmons (2) and Standley (2)

### 1. Reconciling Policy, Performance and Resources (RPPR)

1.1 The past year has been another characterised by significant challenge and change. Once again this has placed a sharp focus on the essential support this Council provides for those in our county who are most vulnerable. National and international conditions have translated locally to increased costs of living for our residents and pressures on our services as demand grows, the costs of providing services increases and workforce shortages impact our capacity to deliver. Significant political changes nationally have led to uncertainty and change to major service reforms which will impact on many of our key frontline services, particularly those for children and vulnerable adults. We continue to respond to the short and longer term impacts of Covid-19 and the need to support recovery, along with reacting at pace to new and unforeseen challenges such as working with residents and partners to welcome hundreds of Ukrainians seeking sanctuary from the war with Russia to our county. The wide range of current and forthcoming pressures and challenges we face must all be factored into our planning for the future.

1.2 Our ambitions are captured each year in a detailed Council Plan which covers what we will do and the specific targets we will use to judge our performance during the year. The Council Plan, revenue budget and capital programme are fully integrated through our business planning process, Reconciling Policy, Performance and Resources (RPPR). Our business planning continues to be underpinned by a constant focus on our four priority outcomes and their supporting delivery outcomes. In June Cabinet agreed, for planning purposes, a number of changes to the delivery outcomes to ensure they remain up to date and appropriately reflect the post-Covid context.

1.3 The RPPR process matches available resources with our delivery plans for our priority outcomes so that we focus and protect our spending where it will deliver our priorities most effectively. RPPR also ensures we have the demographic trends and performance information to monitor our progress. The process of planning, through RPPR, for 2023/24 and beyond has taken into consideration our full analysis of key trends and pressures and translates this into updated service and financial plans. The RPPR process has been applied across all services in the development of the Council Plan (Appendix 1) supported by the Budget (Appendix 3), Medium Term Financial Plan (MTFP) (Appendix 2) and Capital Programme (Appendix 8).

1.4 During this challenging time the Council has been able to provide stability in our service offer to residents, as well as starting to see the impact of the additional one-off investments we have been able to make to help deliver our commitment to carbon neutrality and improvements to the roads and pavements which support our county's economy and communities. This relative stability in a very uncertain environment for local government is built on over a decade of relentless focus on innovation, working as One Council and proactively in partnership to transform services and to manage the resources we have as effectively as possible for local people. Part of this required taking difficult decisions to reduce or step back from services when we had to, in order to live within our means and protect services for the most vulnerable. Overall, this meant delivering savings of £138m between 2010 and 2022 to balance our books.

1.5 Additional short term support from Government, particularly for adult social care, will enable us to maintain this stability for the coming year despite the pressures we face. However,

we know that, further ahead, demand and costs will continue to grow, and there will be additional expectations arising from national reforms, bringing new and sustained financial and service pressures which will impact on our MTFP and ability to meet needs. The details of key reforms in major, demand-led, service areas such as children's social care and special educational needs and disability (SEND) are expected in 2023, and significant reforms to adult social care have been postponed to 2025, all of which means significant risk and uncertainty for the future persists. The ongoing impacts of cost of living pressures on households and Covid recovery are also likely to generate increased demand for our services. We must continue to ensure we will be in the strongest possible position to manage these future challenges.

1.6 Our lobbying of Government, individually and through our networks and partnerships, has been robust in signalling the challenges we face. This consistent message from the sector contributed to some recognition in the autumn Budget Statement and the subsequent Provisional Local Government Finance Settlement of the pressures on local government in the form of a delay to the implementation of reforms to adult social care and the re-allocation of reform funding to current pressures, along with additional grant funding for social care. However, the settlement was again for a single year, with only indicative funding levels for a further year, leaving much uncertainty about the medium term. Plans to reform the way local government funding is allocated, through the Fair Funding Review, have been delayed again, beyond the end of this parliament.

1.7 In addition, there continues to be a reliance on Council Tax to fund ongoing core pressures from rising demand, particularly for social care. In light of cost and demand pressures on local authorities, Government has provided additional Council Tax flexibility and extended the approach of expecting local authorities to apply an Adult Social Care Precept on local Council Tax bills to provide essential funding in response to rising demand for care services. Government funding calculations for 2023/24 assume councils with social care responsibilities will take both the higher level of Council Tax and the additional precept, with this factored into the allocation of funding to local authorities. Given the very significant risks we face in the medium term we do need to apply these increases to safeguard services for the future. We have long highlighted to Government that individual authorities' ability to raise Council Tax is unrelated to need for services and is particularly problematic for areas such as East Sussex with high need for social care services, but where capacity for local people to pay more to support these services is limited. We will continue to make this case.

1.8 The additional funding announced, together with our prudent planning, means that we can maintain a secure financial position for another year, and once again we do not need to seek any further savings beyond those already planned. We will continue to use this short-term stability to prepare for challenges ahead, particularly in children's social care where additional investment in more sustainable models, focused on keeping more children with their families, is proposed. However, the updated financial outlook presented in this report signals that we are likely to face a much more challenging position in future years.

1.9 The Capital Programme has been extended to maintain a 10 year outlook. The programme continues to provide for targeted basic need, including essential budgets for school places, SEND provision and highways infrastructure and the Council's commitment to work towards carbon neutrality from its operations. Highways capital investment was increased by £3.1m annually, in addition to a £5.8m one-off contribution, as part of the 2022/23 RPPR process to reflect the importance we place on our road network and its role in providing connectivity for our businesses and communities.

1.10 This report sets out:

- key changes to the national and local context since the report to Cabinet on 29 September 2022;
- the draft Council Plan 2023/24 and updated MTFP;

- key updates on performance since quarter 2;
- proposals for the 2023/24 revenue budget, taking account of changes in the financial picture since September and based on an increase in Council Tax of 2.99% and an Adult Social Care Precept of 2%;
- the savings planned for the next two years;
- the Capital Programme update and the rationale on which it has been developed; and
- feedback from engagement exercises and equalities impacts.

### National and Local Context

1.11 Since the last report to Cabinet in September the national policy environment has continued to evolve rapidly, with significant announcements which will impact on us locally. Key developments are set out below along with detail of how we are responding:

1.12 **New Government:** Following the resignation of Liz Truss, and a leadership contest, Rishi Sunak was announced as the new Leader of the Conservative Party and Prime Minister. On taking office on 25 October, he indicated that his Government would prioritise economic stability and would return to a focus on delivering the 2019 Conservative Party manifesto. New ministerial appointments followed, including Michael Gove returning to the role of Secretary of State for Levelling Up, Housing and Communities and Jeremy Hunt remaining as Chancellor. Further detail of the new Government's policy agenda, and how that will impact on local government, continues to emerge, with details to date summarised below.

1.13 **National economic outlook and Government spending plans:** The Chancellor announced the autumn Budget Statement on 17 November, accompanied by new national economic forecasts from The Office for Budget Responsibility (OBR). The OBR judged that the country had entered recession; overall growth of 4.2% was forecast for 2022, but the size of the economy was then predicted to shrink by 1.4% in 2023 before bouncing back to growth of 1.3% in 2024, 2.6% in 2025, and 2.7% in 2026. Debt was expected to hit a peak of 97.6% of Gross Domestic Product (GDP) in 2025/26 before falling to 97.3% in 2027/28. The unemployment rate was predicted to rise from 3.6% to 4.9% in 2024. The OBR forecasted inflation at 9.1% in 2022 and 7.4% in 2023, noting that actions taken by the Chancellor would help inflation fall sharply by the middle of 2023. The Bank of England raised interest rates in both November and December in a further effort to depress inflation, with rates reaching 3.5% in December, the highest level for 14 years.

1.14 In the Budget Statement, the Chancellor indicate that the Government's focus was on protecting vital public services, prioritising the needs of low-income households and levelling up the country. The Budget announcements focused on measures designed to stabilise the economy and public finances, including changes to taxation policy and clarification on future Government spending plans. It was confirmed that Government department spending limits would be maintained at least in line with the 2021 Spending Review until 2024/25 and departmental resource spending would then rise by 1% a year in real terms. Further funding to support the healthcare system and schools was prioritised for the remainder of the current Spending Review period. The Budget also confirmed that means-tested and disability benefits and the state pension would rise 10.1% in line with inflation. The National Living Wage will also be increased to £10.42 for over 23s from April 2023. The statement included a number of high level announcements directly impacting on local authorities including: a delay to the implementation of adult social care charging reforms from October 2023 to 2025 and reallocation of the planned reform funding to address current pressures in the system; additional social care grant funding; and additional council tax flexibility through increasing the referendum limit for increases in council tax from 2% to 3% per year from April 2023 and enabling local authorities with social care responsibilities to increase the adult social care precept by up to 2% per year. A forthcoming review of the Council Tax system has also been

announced, with further details expected in early 2023. The Chancellor has set a date of 15 March 2023 for the spring Budget Statement and updated OBR forecasts.

1.15 The one-year Provisional Local Government Finance Settlement received in December provided further detail on the headline announcements for local government in the Budget, particularly the allocation of new grant funding. The provisional settlement indicated that Core Spending Power would increase by an average 9.2% for local authorities in England, based on the presumption that all councils will levy the maximum increase in Council Tax. Additional funding of £600m nationally has been awarded to support hospital discharge, delivered via the Improved Better Care Fund, and a new Adult Social Care Market Sustainability and Improvement Fund of £400m has been allocated. The Social Care Grant, which can be used on either adults' or children's social care, has also increased by £1.3bn compared to 2022-23 as a result of repurposing funding originally planned to support adult social care reforms. The detailed settlement was again for one year, but also included some indicative funding levels for 2024/25 to support future planning. Alongside the settlement, the Government announced an additional £100m of support for the most vulnerable households, indicating that this would allow councils to deliver additional support to households already receiving Council Tax support, whilst also providing flexibility to determine local approaches to support other vulnerable households. The implications of the Budget and provisional finance settlement announcements for the Council's MTFP are set out from paragraph 1.44.

1.16 **Cost of living:** The increased cost of living has continued to impact on households, with inflation, as measured by the Consumer Prices Index (CPI), reaching 10.7% in the 12 months to November (down slightly from 11.1% in October). The high rate continues to be driven primarily by increases in the cost of energy and food, creating ongoing cost of living pressures for individuals and families, particularly those on low incomes, through the colder winter months. The impacts of increases in the cost of living on residents are resulting in increased need for public services and voluntary, community and social enterprise (VCSE) sector support locally. We continue to work with partners through the multi-agency East Sussex Financial Inclusion Steering Group on ways to maximise access for vulnerable residents to the advice and support available. In the autumn we launched our cost-of-living support webpages hosted on the ESCC website. The themes of the webpages include help, advice and support with Money, Accessing Benefits, Grants, Keeping Warm and Well, Homelessness, Housing, Mental Health, Employment, Learning, Food, Clothing and Transport. We have developed a supporting communication strategy to help promote the information, advice and support available which includes household newsletters, postcards provided to all frontline staff which include a QR code, website address and basic information and posters displayed in libraries, public buildings, and places with high public footfall. We have also undertaken a social media campaign concentrating on each of the themes on the webpages. Throughout the festive period we also promoted information, advice and support available in relation to scams and loan sharks. The webpages are regularly refreshed and added to, informed by user testing with People Bank volunteers and service representatives.

1.17 Looking ahead to 2023/24, as part of the autumn Budget Statement it was announced that £1bn would be provided to extend the Household Support Fund, which is administered locally by ESCC, for the coming financial year. The Chancellor also indicated that households on means-tested benefits would be given an additional £900 cost of living payment, pensioner households would receive an additional £300, and individuals on disability benefits would receive an additional £150 Disability Cost of Living payment, in 2023-24. The household energy price cap will be extended for one year beyond April but made less generous, with typical bills capped at £3,000 a year instead of £2,500. Support for households using alternative fuels such as heating oil will double to £200. In January, Government announced a new Energy Bills Discount Scheme for businesses, charities and the public sector, to replace the current Energy Bills Relief Scheme which ends in March 2023. The new scheme will mean that eligible organisations receive a discount on high energy costs until 31 March 2024.

1.18 As well as increasing demand for services, high energy prices and inflation also impact directly on our operating costs as set out in more detail from paragraph 1.44 below. Labour market conditions have continued to result in a challenging environment for recruitment and retention of staff and we are experiencing ongoing challenges in recruiting to posts across the organisation, particularly front-line social care roles, which impacts on the capacity in services. One off investment agreed by Cabinet in September is supporting our ongoing work to maximise recruitment and retention of staff including the continuation of work on the development of an employer brand and updated recruitment materials to identify the Council as an employer of choice. In addition, the funding will also provide for the forecasting of workforce 'gaps' and future need, as well as investment in the continuous professional development of our staff and the promotion of the range of financial wellbeing services available to staff which can offer support in relation to current financial challenges.

1.19 **Levelling up and devolution:** The re-appointment of Michael Gove as Secretary of State for the Department for Levelling Up, Housing and Communities (DLUHC) signalled a renewed focus on the delivery of the Levelling Up White Paper published under his leadership earlier in the year. In December, details of planned devolution deals in Cornwall, Suffolk, Norfolk and the North East were announced, all based on adopting an elected mayor or directly elected Leader and a range devolved powers closely aligned to those set out in the Levelling Up White Paper for this model of governance. The Secretary of State also gave a statement on devolution in Parliament in which he restated Government's commitment to devolution as set out in the White Paper and clarified that discussions to identify potential candidates for the next set of devolution deals would start in early 2023, with clear indications that areas interested in a directly elected leader would be prioritised. In addition, the statement confirmed that a Devolution Accountability Framework would be published in early 2023, alongside a Funding Simplification Plan.

1.20 The Levelling Up and Regeneration Bill, which contains the legislation needed to enact county deal devolution arrangements, continues to progress through parliament. Planning provisions within the Bill were amended by Government in December, including increased flexibility on local housing targets. Linked to this, in December, DLUHC launched a consultation on its proposed approach to updating the National Planning Policy Framework (NPPF), including how planning policy could support Levelling Up. Proposals include changes to how new housing is planned for, including indications of more flexibility for planning authorities, particularly in green belt areas (which do not include East Sussex), when it comes to meeting housing need. The potential impact of these proposed changes on Local Plans in East Sussex is not yet clear. Under the reformed system, which Government expects to go live in late 2024, there will be a requirement for local authorities with responsibility for Local Plans, including Waste and Minerals Plans, to start work on new plans by, at the latest, 5 years after adoption of their previous plan, and to adopt that new plan within 30 months. The proposals also include the introduction of new Infrastructure Delivery Strategies and a new Infrastructure Levy, and alterations to policy to reflect legislation that has already been introduced through the Environment Act, including the requirement for new development to achieve biodiversity net gain.

1.21 The Chancellor confirmed in the Budget that the previous Government policy of Investment Zones would be refocused on universities in 'left behind' areas and that expressions of interest submitted by councils would not be taken forward. The Budget also confirmed that the second round of the Levelling Up Fund would go ahead with at least the same level of funding as round one – ESCC was successful in the first round with our bid for Exceat bridge and therefore not eligible for round 2. In December, DLUHC approved local authority spending plans for the UK Shared Prosperity Fund (UKSPF). In East Sussex this includes plans for the Multiply numeracy programme, where ESCC has lead responsibility, as well as plans submitted by each district and borough council against the three investment themes set out by Government.

1.22 **Adult Social Care and Health:** As mentioned above, in light of concerns raised by local authorities, including ESCC, the implementation of adult social care charging reforms planned for October 2023 has been delayed to 2025. The associated reform funding for the next two years has instead been reallocated to support councils in responding to current pressures in the social care system. Locally the health and care system continues to be under pressure from high demand which is exacerbated by workforce challenges. In November, ESCC received an allocation of £2.1m from the Adult Social Care Discharge Grant for 2022/23. This has been used to support whole system winter plans through the procurement of additional independent sector bedded and home care capacity to support acute hospital discharge patient flow, as well as funding a number of care worker recruitment and retention schemes to help maintain the existing market capacity. In January, the Department for Health and Social Care published its Adult Social Care Winter Statement which set out the measures it has put in place to support the sector, alongside announcing a further £200m national funding to help NHS Integrated Care Boards buy extra beds in care homes and other settings to support the discharge of patients fit to leave hospital. As part of national measures to address NHS pressures, six 'discharge frontrunners', including the Sussex Integrated Care System, will trial additional measures to support patients to move out of hospital more quickly. In December, the Care Quality Commission (CQC) announced that the implementation of its new assessments of how local authorities deliver their ASC duties will be delayed to the end of 2023 to give providers time to prepare for the changes and for the Commission to spend more time on testing and development. The new assessments are intended to support sharing of best practice and improving Government's data, intelligence and understanding of the system.

1.23 In December the first Sussex-wide Integrated Care Strategy was agreed by the Sussex Health and Care Assembly following agreement by the Lead Member for Strategic Management and Economic Development and endorsement by the East Sussex Health and Wellbeing Board. The strategy sets out a high level strategic statement of common purpose across Sussex, and the critical areas of focus for the Assembly. This will support the local Health and Care Partnerships to lead and coordinate work in the three Places in Sussex (East Sussex, West Sussex and Brighton & Hove) aimed at delivering improved health outcomes, reduced health inequalities and integrated care for their populations. In response to earlier feedback from the County Council regarding the critical importance of good mental and physical health in early years in order to increase prevention of ill health in later life, a strong focus has been included on supporting children and young people's health and wellbeing. Partners on the Sussex Health and Care Assembly are expected to oversee the development and impact of the Strategy. It will be the responsibility of NHS Sussex to coordinate development of the shared five-year delivery plan, which will need to be finalised by March 2023.

1.24 A review to consider the autonomy and accountability of Integrated Care Boards, led by former Health Secretary Patricia Hewitt, was announced in the Autumn Statement. As part of this, a call for evidence was launched in December to gather views from across the health and social care system, as well as from patients, the public, and the wider voluntary sector. The review, due to report in early 2023, will consider how oversight and governance of Integrated Care Systems can best enable them to succeed.

1.25 **Children's Services:** Children's Services nationally, regionally and locally continue to experience significant pressures from rising demand and increased complexity of need, coupled with workforce shortages and a lack of specialist placements, all of which is leading to escalating costs and operational challenges. Government responses to national reviews covering children's social care and special educational needs and disability (SEND) are still awaited, with latest indications that these are likely to be published in early 2023. National implementation plans in response to these reviews are expected to be significant for the future direction of these services and therefore have impacts for the County Council. In November 2022 Ofsted and CQC launched a new joint framework for inspecting provision for children and young people with SEND. Taking effect from January 2023, it will focus on whether local area partnerships are delivering improved outcomes and experiences. In December, the new

Education Secretary confirmed that the Schools Bill, which was brought forward earlier in the year to make provision for the legislative changes required to implement plans in the Education White Paper, would not be progressed in this parliamentary session. Indications are that Government will look to take forward aspects of the proposals without legislation, including a proposed register for children who are not in school.

1.26 Locally, in response to rising demand in children's social care, Children's Services has developed a sustainability plan to improve outcomes for children while reducing costs to the council. As reported to Cabinet in September, this plan is based primarily on the proposed implementation of the nationally trialled Family Safeguarding model, which is also in line with the recommendations of the Independent Review of Children's Social Care. Further detail on the Family Safeguarding model, anticipated benefits and the projected costs and savings/cost avoidance is set out in Appendix 10. The proposed budget and MTFP makes provision for increased investment in this area.

1.27 The new East Sussex SEND Strategy 2022-25 was launched in December, following a ten-month consultation process that included extensive work with children and young people to identify areas for improvement. The strategy has been designed to improve access to education which is inclusive and reflects the needs of children with SEND, ensure opportunities are fully accessible so young people can develop life and workplace skills, and provide the ongoing support families and young people need. An East Sussex SEND Strategy Governance Board has been established which will oversee SEND work across the county and monitor the delivery of the strategy.

1.28 **Climate and environment:** In November the Conference of Parties (COP) 27, the governing body of the United Nations (UN) Convention on Climate Change, took place in Egypt. The summit restated the global commitment to tackling climate change in the face of the current energy crisis. However, while there was a breakthrough on the approach to Loss and Damage arising from the adverse effects of climate change, including establishing the first fund explicitly for this purpose, COP27 saw limited progress on global ambitions to reduce emissions, with these remaining largely unchanged from what was agreed at COP26 in 2021.

1.29 Locally, we have updated our corporate Climate Emergency Plan to form a new plan for 2023-2025 (included elsewhere on this agenda) which sets out how we will continue to make progress towards the Council's target of achieving carbon neutrality from our activities as soon as possible, and in any event by 2050. The plan includes details of the Council's current carbon footprint, principles for the Council to follow in its approach to net zero, our science-based five year carbon budgets and the modelling work that has been used to steer some actions in the Plan. It also outlines how the additional investment of £9.9m made available by Cabinet for climate change will be spent up to March 2025. This additional investment will enable us to build on existing capacity and projects to assist the Council to mainstream our action on climate change.

1.30 **Transport:** In September, Cabinet agreed the award of our new contract for highways and infrastructure services to Balfour Beatty Living Places Ltd. The £297m contract will run for an initial seven years and will start on 1 May 2023. Cabinet also agreed the County Council's response to the consultation by Transport for the South East (TfSE) on its Strategic Investment Plan (SIP), which broadly supported the plan. The transport and global policy interventions identified in the SIP will deliver significant change in the county and support our key priorities specifically the levelling up of our communities who are most at need and, importantly, accelerate the delivery of the decarbonisation of transport. The TfSE Strategy and SIP will also support policy development and the identification of strategic transport interventions as part of the current review of our Local Transport Plan (LTP).

1.31 A public consultation to inform the development of the fourth LTP for East Sussex took place during the autumn. The Plan (covering 2023-2050), which will be developed over the

coming year, will set out how we will connect people to places around and through the county over the next three decades – by walking, cycling, public transport, car or by using new forms of travel. In September we received confirmation from Government of over £41m funding to implement our Bus Service Improvement Plan (BSIP), following the approval of the detailed plans we submitted to Government. The BSIP sets out our plans and supporting policies to improve bus services, working in close cooperation with our neighbouring Local Transport Authorities and with stakeholders including local bus operators.

1.32 Previous one-off investment in highways, agreed by Cabinet in November 2021, continues to be delivered. Investment of £5.8m, over and above our existing annual capital maintenance programme, was allocated to additional highway improvement works including further patching, lines and road markings, repairs to pavements and repair and replacement of road signs. These works have a visible positive impact for all road users. The additional carriageway patching and pavement works programmes are on track to be completed by 31 March 2023. The extra investment and work packaging has enabled an additional 752 carriageway patches to be completed up to the end of November, totalling 44,880m<sup>2</sup> over 398 sites with approximately a further 100 sites to be completed by March. In addition to the main footway resurfacing schemes 328 small footway patching schemes have been completed covering 15,617m<sup>2</sup> with £141,000 of additional road marking refresh works and £100,000 of new signs to replace worn out signs also completed. This is in line with the availability of the required resources and seasonal programming of lining works, with forecast completion both lining and sign work by 31 March 2024 to enable efficient delivery and ensure value for money.

1.33 **Migration:** The autumn and winter have seen most Homes for Ukraine scheme hosting arrangements reach the end of the minimum six-month period. We have focussed on supporting hosts to extend their arrangements where possible and offering support to access the private rented sector for those ready to move on, reducing the risk of homelessness. The majority of guests remain successfully supported by their hosts, and the majority of people who have moved on are in settled accommodation. In East Sussex, we have offered an extra winter payment to hosts from October to March, topping up their ‘thank you’ payments to recognise their rising costs and support them to continue hosting if they can. In December, Government announced that all Homes for Ukraine sponsors’ ‘thank you’ payments would be increased to £500 a month for Ukrainian guests who have been in the country for over a year and these payments would be available from 12 months to 2 years. In addition, £150m national funding was announced to help councils mitigate the risk of homelessness and a £500m Local Authority Housing Fund for councils to acquire housing for those fleeing conflicts (including Ukraine and Afghanistan). However, the tariff funding provided to local authorities under the Homes for Ukraine scheme was reduced to £5,900 per person (from £10,500) for new arrivals entering the UK from 1 January 2023.

1.34 The autumn also saw the Home Office place migrants in hotels in most districts and boroughs of East Sussex, as part the national dispersal of people including those arriving on small boat crossings and from reception centres in Kent. The arrangements were made directly with hotels by the Home Office and its contractors who are responsible for arranging almost all services for people seeking asylum, including accommodation, food, and financial support but not including healthcare which is provided by local NHS services. For ESCC, the main impact of the hotel placements is on Children’s Services, because a number of those placed in the hotels as adults are subsequently found to be aged under 18, meaning their accommodation and care becomes the responsibility of the County Council. These children are not currently eligible to be referred for placement through the National Transfer Scheme (NTS). We continue to argue for improved age assessment in the first instance by the Border Force so that the children can be provided for nationally through the NTS. Other local impacts include ESCC’s legal responsibilities in relation to adult safeguarding and the provision of education (predominantly post-16), our Public Health responsibilities, and the provision of basic welfare support from voluntary sector organisations.

1.35 In December, the Prime Minister announced a range of new measures in relation to the processing of asylum claims and the Government response to migration pressures, including plans to identify alternative accommodation for a large number of people, including from Afghanistan, currently housed in hotels. The Home Office has indicated it is exploring use of a number of large sites, including holiday accommodation at Camber Sands, as options for replacing hotel accommodation. The County Council, with our partners, has raised significant concerns about the suitability of the Camber site for this purpose, the welfare of those people who may be placed there (including the ability of those entitled to work in this country to find employment), and the stretched capacity of local services. We will continue to engage with Government officials to ensure the local context is understood.

1.36 **Looking ahead**, the Prime Minister indicated in a speech on 4 January that the Government's main priorities for the next year would be responding to the ongoing challenges with the economy, cost of living challenges and the public finances, including halving inflation, growing the economy and reducing public debt. There will also be focus on reducing NHS waiting lists and migration, particularly small boat crossings. Implications for the Council and new developments will continue to be factored into our ongoing planning through RPPR.

### Council Plan

1.37 The draft Council Plan is attached at Appendix 1. The Council Plan continues to be built on the Council's four overarching priority outcomes: driving sustainable economic growth; keeping vulnerable people safe; helping people help themselves; and making best use of resources now and for the future. Making best use of resources now and for the future is the priority test through which any activity must pass. The remaining three priority outcomes guide our activities, direct our resources and are reflected in our Council Plan activities and targets. The delivery outcomes have been updated to reflect the changes agreed at Cabinet in June.

1.38 The Council Plan contains the targets and milestones used to judge our performance. The Cabinet and County Council actively consider performance during the year and may decide to adjust targets to reflect any changed circumstances. We have reviewed and updated our targets where necessary to ensure these continue to reflect our ambitions. The Council Plan takes account of the resources available, so in some areas this means maintaining performance at current levels rather than seeking improvement. Clearly defining the outcomes we wish to achieve and monitoring our success in delivering these outcomes for the county's residents, communities and businesses is critical. We also keep track of a wide range of key data about East Sussex and related to our priority outcomes. These help us to assess our impact more fully and respond appropriately when we need to do so. Key data will be monitored annually as part of the State of the County report.

1.39 The Council Plan is still a work in progress until final budget allocations are made and firm targets can be set. It will be published in April 2023 and refreshed in July when final performance outturn figures for 2022/23 are available. Authorisation is sought for the Chief Executive to make final changes pre and post publication in consultation with Lead Members, as appropriate.

### Progress with Council Plan and Budget 2022/23 since Quarter 2

1.40 Overall, our services are continuing to perform well. However, there are two performance measures where forecasted performance has changed since the quarter 2 monitoring report, that we need to consider as part of our business planning for future years, in advance of the quarter 3 monitoring report which will go to Cabinet on 7 March 2023.

1.41 **Percentage of Health and Social Care Connect (HSCC) referrals triaged and progressed to required services within 24 hours** – Updated figures are now available which include referrals from Community Nursing. These show an improved picture between April and

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November compared to the performance reported at quarter 2. The new figures show 86.7% of referrals were triaged and processed within 24 hours. This is still below target, but current performance has been impacted by particularly challenging operating conditions. In 2021/22 HSCC saw a 22% increase in Health referrals and this upward trend has continued in 2022/23. There has been an increase in the volume of work across the whole of HSCC year on year. There was a 25% vacancy rate in the service, and we have been continuously recruiting to reduce this gap. Alongside this there has been an increase in sickness absence in the service. Sickness absence is being managed and there have been some phased returns to work in recent months. As a result the service is confident the proposed target for 2023/24 will be achievable.

1.42 **Support with Confidence** – At the end of November 2022 there are 335 Support With Confidence members (including 282 Personal Assistants and 53 businesses) against a target of 360. There are currently 73 live applications (69 Personal Assistants and 4 Businesses). At this point, due to the higher turnover of membership we have seen this year, we predict that the end of year target will not be achievable. In October and November six Personal Assistants have withdrawn their membership (personal reasons/change of circumstance cited as the main reason), and one business has closed. The number of applications into the schemes remains at a consistent level. However, due to the current workforce challenges with Adult Social Care and Health, it has become increasingly difficult to increase scheme membership.

1.43 There is currently no significant change to the projected quarter 2 revenue budget forecast.

### Revenue Budget 2023/24

1.44 The Medium Term Financial Plan (MTFP) as set out in Appendix 2, and detailed in the table in paragraph 1.46 below, sets a balanced budget for 2023/24. Whilst balanced for 2023/24, the MTFP by 2025/26 projects a deficit of £40.7m, before the impact of Adult Social Care reform, which has now been delayed until 2025. If we assume grant funding for social care, currently announced for two years, continues into 2025/26, the deficit reduces to £21.2m.

1.45 To address pressures in the social care system, the Government announced grant funding as part of the Autumn Statement 2022 to support social care and hospital discharge, together with the continuation of the Services Grant and the delayed rollout of adult social care charging reform from October 2023 to October 2025.

<b>ESCC Grants Announced at Provisional Settlement for 2023/24</b>	<b>£m</b>
Social Care Grant ( <i>rollover of 2022/23 Social Care Grant</i> )	23.674
Social Care Grant ( <i>additional funding</i> )	13.927
Social Care Grant ( <i>Independent Living Fund rolled into Social Care Grant</i> )	0.956
ASC Market Sustainability and Improvement Funding	6.055
Discharge Funding (via the Improved Better Care Fund)	3.053
Services Grant	2.916
<b>Total</b>	<b>50.581</b>

1.46 The grant funding, together with further flexibility on Council Tax and Adult Social Care Precept, have been incorporated into the MTFP as set out below, noting that the Provisional

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Settlement 2023/24 provided a one year settlement only, with uncertainty remaining on the impact on future years.

	Ref	Estimate (£m)			
		2023/24	2024/25	2025/26	Total
<b>Cabinet 29 September 2022 DEFICIT after normal updates</b>		<b>17.544</b>	<b>9.661</b>	<b>4.266</b>	<b>31.471</b>
<b>Normal Updates</b>					
Council Tax Increase: <i>Add a further 2.00% to our current 2.99% assumption (1.99% plus 1% ASC Precept) to get to 4.99% (2.99% plus 2.00% ASC Precept) in 2023/24</i>	A	(6.630)	(0.324)	(0.218)	(7.172)
Council Tax Base and Collection Fund		(2.207)	0.914	(0.083)	(1.376)
Business Rates Retention (inflation, growth, and revaluation)	B	(2.229)	(3.348)	1.537	(4.040)
Continuation of Business Rates Pooling		(1.787)	1.787	0.000	0.000
Business Rates Reset/Reform delay to 2025/26	C	0.000	(1.094)	4.480	3.386
Revenue Support Grant	D	(0.290)	(0.005)	0.295	0.000
Reduction in New Homes Bonus	E	0.537	(0.537)	0.000	0.000
Reduction in Services Grant	F	4.185	2.916	0.000	7.101
Updated Inflation for contracts (normal and contract specific)	G	13.829	(0.916)	(1.213)	11.700
Updated Inflation for contracts (Waste PFI Model)		(1.624)	3.082	(0.897)	0.561
CET: Waste Housing Growth	H	(0.061)	(0.036)	(0.053)	(0.150)
Reversal of National Insurance 1.25% increase	I	(1.544)	(0.031)	(0.032)	(1.607)
Pay, Recruitment and Retention	J	3.568	0.108	0.108	3.784
Treasury Management	K	(6.000)	1.400	2.000	(2.600)
Employers Pension Contribution: valuation impact	L	(1.800)	(0.020)	0.000	(1.820)
General Contingency	M	0.366	0.050	(0.370)	0.046
<b>Impact of the Autumn Statement – Social Care Funding</b>					
Additional funding through Social Care Grant	N	(13.927)	(5.509)	19.436	0.000
Better Care Fund - Discharge Funding	O	(3.053)	(2.035)	5.088	0.000
Better Care Fund - Discharge Funding New Burdens		3.053	2.035	(5.088)	0.000
Adult Social Care Market Sustainability and Improvement Funding	P	(6.055)	(3.017)	9.072	0.000
<b>Pressures and Savings added to / (removed from) the MTFP</b>					
CET: Highways contract mobilisation	Q	2.313	(2.313)	0.000	0.000
Offset by reserve contribution		(0.817)	0.817	0.000	0.000
BSD: Savings Update	R	0.373	(0.693)	0.000	(0.320)
Pressures Protocol – bids approved by A	S	2.256	(0.696)	0.148	1.708
<b>DEFICIT/(SURPLUS) AFTER NORMAL UPDATES</b>		<b>0.000</b>	<b>2.196</b>	<b>38.476</b>	<b>40.672</b>

### Normal Updates:

#### A Council Tax Increase, Tax Base and Collection Fund

The assumption for Council Tax was previously an increase of 1.99% in all years; the limit before referendum is triggered. The Adult Social Care Precept assumption was for 1% in 2022/23 and 2023/24 in line with the Spending Review 2021 (SR21) announcement that authorities with social care responsibilities were expected to have flexibility over this period.

The Government is giving local authorities in England additional flexibility in setting Council Tax by increasing the referendum limit for increases in Council Tax to 3% per year from April 2023 (previously 2%). In addition, local authorities with social care responsibilities will be able to increase the Adult Social Care Precept by up to 2% per year (previously 1% in 2023/24 and 2024/25). The MTFP has been updated to make use of this flexibility in 2023/24, increasing Council Tax rates by 4.99% (2.99% plus 2% ASC Precept). The Government has confirmed that this flexibility is to be extended into 2024/25, although this has not been assumed in the MTFP.

Council Tax Base returns setting out the base position as at October 2022 have been received from all District and Borough Councils (D&Bs). The result is a further £2.2m expected within the collection fund in 2023/24. In total the Council's estimated Tax Base increase is 1.37%.

The impact of additional collection fund deficit/surpluses identified in January 2023 by D&Bs will be managed through the collection fund reserve.

Wealden District Council is consulting on changes to its Local Council Tax Reduction Scheme (LCTRS), and to discounts on empty properties, the outcome of which is expected to net to zero.

### **B Business Rates Retention, Growth and Revaluation**

Planning assumptions on business rates have been adjusted to reflect actual inflation reported and confirmed as part of the Provisional Settlement as CPI 10.1%

Revaluations will become 3-yearly starting from 1 April 2023. The government has confirmed that it intends to adjust each local authority's top-up or tariff to ensure that as far as practicable a local authority's retained income from business rates is no more, or less, than it would have been had the revaluation not taken place. The position will be assessed following detailed forecasts to be provided by D&Bs in January 2023.

It was confirmed at the Provisional Settlement that the business rates pooling arrangements will be allowable in 2023/24. Proceeds of pooling have been updated using published information from D&Bs.

### **C Business Rates Reset/reform delay to 2025/26**

Although Government has given a strong commitment to update the current local government funding regime, the Autumn Statement 2022 and Provisional Financial Settlement have set indicative funding levels for 2024/25, and wider local government funding reforms are confirmed delayed until 2025/26 at the earliest. The MTFP therefore reflects the impact of a delay to funding reform to 2025/26. The net impact is taken from the LG Futures model and local assumptions of what reform may look like. The exact mechanism and impact, however, remain unknown.

### **D Revenue Support Grant**

The Government confirmed that Revenue Support Grant (RSG) will be increased by 10.1% in line with the CPI for 2023/24. The model for planning assumptions on RSG has been updated to reflect the OBR estimate of CPI at 6.86% in 2024/25, ahead of potential funding reform and a multi-year settlement.

### **E New Homes Bonus**

The New Homes Bonus has been confirmed for another year, less legacy payments. The future of New Homes Bonus is uncertain, and Government will set out its position ahead of the 2024/25 Local Government Finance Settlement.

### **F Services Grant**

As part of the £1.6bn new Government Grant funding announced at SR21, the Council was

allocated a one year Services Grant of £5.175m. The 2023/24 allocation has been reduced nationally to £464m, with ESCC share being reduced to £2.916m. In the absence of confirmation for future years, the continuation of the Services Grant has been assumed for 2023/24 only.

**G Updated Inflation for Contracts (normal inflation and contract specific)**

The OBR published its updated forecast inflation rates as part of its latest outlook for the economy and public finances on 17 November to coincide with the Autumn Statement. There have been material increases, reflecting specific contract and staffing pressures, which have now been reflected in our inflation and waste PFI (Private Finance Initiative) model as appropriate. The update includes a provision for further inflation risks which may arise in year to be held corporately.

**H Communities, Economy and Transport (CET): Waste Housing Growth**

The Waste Model has been updated for the latest housing growth estimates.

**I 1.25% National Insurance Reversal**

In September 2022, Government announced that the 1.25% National Insurance increase implemented in 2022/23 would be reversed from 6 November 2022. The MTFP had made a provision of £1.5m for the increase, which has now been reversed.

**J Pay, Recruitment and Retention**

An estimate for 2023/24 has been included at 5%, plus the impact of the 2022/23 pay award. Provision has been made in future years for potential pay award and costs of recruitment and retention.

**K Treasury Management**

The Treasury Management (TM) position has been reviewed taking a holistic approach to consider the impact of recent interest rate rises increasing returns on investments, and the impact of proposed capital strategy updates allowing further delay and reduction in external borrowing over the MTFP period. It is proposed that one off reductions to the TM budget are made over the three years of the MTFP, where recent increase in interest rates has resulted in significantly better than previously estimated returns on investments, with rates modelled to normalise in the medium term alongside increasing costs of capital programme borrowing.

**L Local Government Pension Scheme (LGPS)**

The triannual review of the pension scheme for 2023 to 2026 is currently under the period of valuation. Provisional statements have indicated that an uplift originally anticipated in the MTFP will not be required. The full impact of the valuation will be incorporated into the 2024/25 RPPR process once confirmed.

**M General Contingency**

This is calculated at an agreed formula of 1% of net budget less Treasury Management. The figures reflect the impact of the updates detailed throughout the report.

**Impact of the Autumn Statement and Provisional Settlement – Social Care Funding:**

**N Additional funding through Social Care Grant**

An additional £1.3bn in 2023/24 and £1.9bn in 2024/25 of repurposed ASC reform funding will be distributed to local authorities nationally through the Social Care Grant for adult and children's social care. This has resulted in an additional ESCC allocation of £13.9m in 2023/24, which is estimated to increase to £19.4m in 2025/26, with funding thereafter unclear with adult social care charging reforms now due to be introduced from October 2025.

**O New Discharge Funding to be pooled as part of Better Care Fund**

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£600m will be distributed in 2023/24 and £1bn in 2024/25 through the Better Care Fund to assist people out of hospital into care settings, of which an element is to be distributed to local authorities. The funding is required to be pooled as part of the Improved Better Care Fund with associated additional burdens, having a net nil impact on the MTFP.

### **P Adult Social Care Market Sustainability and Improvement Funding**

£400m in 2023/24 and £680m in 2024/25 will be distributed to local authorities nationally through a new grant ringfenced as part of an Adult Social Care Market Sustainability and Improvement Fund. In addition, the previous level of Fair Cost of Care funding for local authorities of £162m (ESCC share in 2022/23 being £1.7m) has been maintained for 2023/24 and “rolled” into the new fund, bringing the total fund to £562m nationally in 2023/24. The total ESCC share of the funding is £6.1m in 2023/24, and is estimated to increase to £9.1m in 2025/26, with funding thereafter unclear with adult social care charging reforms now due to be introduced from October 2025.

### **Pressures and Savings added to / (removed from) the MTFP:**

#### **Q CET: Highways Contract Mobilisation**

Additional one off costs for mobilisation of the new Highways contract. This is offset by proposed use of set aside reserves.

#### **R Business Services Department (BSD): Savings Update**

BSD had an existing savings target of £1.242m within the MTFP. A report approved by Corporate Management Team (CMT) in September provided an update to saving options which proposed increasing the level of savings to £1.562m. Appendix 4 shows all of the savings targets for 2023/24 to 2025/26 with refreshed assessment of equalities impacts.

#### **S Pressures Protocol**

As is normal practice, a number of bids have been approved by CMT since September Cabinet, in line with the pressures protocol. The following table provides a summary of approved bids and impact on the MTFP:

Dept*	Description	2023/24	2024/25	2025/26	Total
CET	Parking - Income slippage	0.800	(0.800)		0.000
GOV	Coroners- Additional requirement	0.425	0.104	0.148	0.677
BSD	External Audit- Fee increase	0.090			0.090
BSD	Human Resources & Organisational Development- Staffing	0.040			0.040
BSD	Business Administration- Staffing	0.495			0.495
CSD	Home to School Transport	0.406			0.406
<b>Total pressures bids</b>		<b>2.256</b>	<b>(0.696)</b>	<b>0.148</b>	<b>1.708</b>

\*CET - Communities, Economy and Transport, GOV - Governance Services, BSD – Business Services Department, CSD – Children’s Services Department

### **2024/25 and beyond**

1.47 Whilst the Council has received some very welcome additional funding from the Government, particularly in relation to social care, it remains challenging to plan for 2024/25 and beyond. The level of Government funding that ESCC will receive between 2024/25 – 2025/26 is not confirmed; the provisional settlement was one year only with indicative levels for the subsequent year, meaning there remains uncertainty over actual levels of funding ESCC will

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receive and how the Levelling Up agenda and future funding review will be implemented in future years.

1.48 This uncertainty in future local government funding beyond next year means that, whilst the budget is balanced in 2023/24, until next year's Local Government Finance Settlement, or other announcements, provide confirmation of funding, there is the potential requirement for further savings by 2025/26.

1.49 The Council has a robust planning process and sufficient reserves and will continue to work towards a balanced position in 2024/25. The Reserves and Robustness Statement is set out in Appendix 6.

### Council Tax Requirement

1.50 Cabinet agreed in September that budget planning should be on the basis that Council Tax is increased by 1.99%, the limit before a referendum is triggered, and the Adult Social Care Precept at 1.0% in 2023/24.

1.51 The Provisional Local Government Finance Settlement 2023/24 provided for an additional 1% Council Tax increase and an additional 1% Adult Social Care Precept. Taking into account the significant risks and uncertainties relating to inflationary impacts and pressures on services, particularly social care post-pandemic and in response to challenges facing the health system, it is proposed that this is included. It is therefore proposed that the County Council be asked to consider increasing Council Tax in 2023/24 by 4.99% (2.99% Council Tax plus 2.0% Adult Social Care Precept). If agreed, the proposed band D charge for 2023/24 would therefore be:

Changes in Council Tax	£ per house at Band D	
	Council Tax Annual	Council Tax Weekly
Band D 2022/23	£1,613.34	£31.02
Council Tax increase*	£48.24	£0.93
Adult Social Care Precept* 2.0%	£32.22	£0.62
Indicative Band D 2023/24*	£1,693.80	£32.57

\* Council Tax is rounded to allow all bands to be calculated in whole pounds and pence.

1.52 The formal precept notices for issue to the Borough and District Councils will follow the formal recommendation by County Council. The final figures on council tax Collection Fund have been provided by Borough and District Councils by the end of January 2023. The updated precept calculation is set out at Appendix 5.

### Capital Programme

1.53 Through the RPPR process the Capital Strategy and programme are reviewed annually to ensure that they support the Council's responsibilities and departmental service strategies. To manage investment to a sustainable level, the Capital Strategy focuses on the delivery of targeted basic need for the Council to continue to deliver services as efficiently as possible.

1.54 The current approved programme has now been updated to include the quarter 2 position and other approved variations and updates. Service Finance and Departmental Capital Teams have also completed a capital programme refresh, re-profiling their programmes and schemes as accurately as possible based on current knowledge over the planned programme. The planning horizon has been extended to 2032/33 to maintain the 10-year programme.

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1.55 It is proposed that a capital programme of £342.4m be set over the MTFP period from 2022/23 to 2025/26 (current year plus three) and requiring £121.5m of borrowing, with the remaining years to 2032/33 being indicative to represent longer term planning. The update to the capital programme can be found at Appendix 8a.

1.56 The revenue impact of additional borrowing to fund the updates to the capital programme has been made in the MTFP. Treasury Management modelling takes a holistic approach considering a number of variable factors including availability of cash balances and interest rates impacting borrowing costs and return on investments. Therefore, any updates to the MTFP will consider the overall impact on the Treasury Management budget.

1.57 The Council's 20-year Capital Strategy recommended for approval can be found at Appendix 8c. The Capital Strategy covers the period 2023/24 to 2043/44 has been updated to reflect emerging risks, principles and corporate priorities.

### Robustness and Reserves

1.58 At Full Council in February 2022 there was an estimated total reserves balance of £91.7m by March 2026. Since then there have been some updates and, moving the estimates on a year, the balance at 31 March 2027 is estimated at £83.4m of which £24.6m relates to strategic reserves. The current reserves position is shown below.

	01.04.22 Actuals per Q2 Cabinet Report	Estimated Balance at 31.03.26 per Full Council Feb 22	Full Council February 2023 (£m)	
			01.04.23 Estimate	Estimated Balance at 31.03.27
<b>Earmarked Reserves:</b>				
<b>Held on behalf of others or statutorily ringfenced</b>	<b>35.1</b>	<b>34.2</b>	<b>35.7</b>	<b>33.9</b>
<b>Named Service Reserves</b>				
Waste Reserve	17.0	9.7	18.8	7.5
Capital Programme Reserve	18.9	7.5	17.9	0.3
Insurance Reserve	7.3	5.3	7.2	7.1
Adult Social Care Reform Reserve	0.0	0.0	2.5	0.0
<b>Subtotal named service reserves</b>	<b>43.2</b>	<b>22.5</b>	<b>46.4</b>	<b>14.9</b>
<b>Strategic Reserves</b>				
Financial Management	47.3	21.8	41.3	22.5
Priority Outcomes and Transformation	17.3	3.2	12.7	2.1
<b>Subtotal strategic reserves</b>	<b>64.6</b>	<b>25.0</b>	<b>54.0</b>	<b>24.6</b>
<b>Total Earmarked Reserves</b>	<b>142.9</b>	<b>81.7</b>	<b>136.1</b>	<b>73.4</b>
<b>General Fund Balance</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>
<b>TOTAL RESERVES</b>	<b>152.9</b>	<b>91.7</b>	<b>146.1</b>	<b>83.4</b>

1.59 In the Autumn Statement and provisional Local Government Finance Settlement the Government noted that there has been a significant increase in some local authority reserves over the two years of the pandemic. Local authorities are encouraged to use reserves to maintain services in the face of immediate inflationary pressures, taking account of the need to maintain appropriate levels of reserves to support councils' financial sustainability and future investment. Government will be exploring the publication of user-friendly data, collected in the

Local Authority Revenue Expenditure and Financial Outturn Statistics, to support council Members and local electorates to understand reserves held by their authorities.

1.60 The level of reserves held by the Council is considered appropriate. In the recent uncertain financial, economic and political times, councils have grappled with the challenge of delivering services within a difficult financial landscape. That uncertainty is brought into sharp focus given the lack of clarity about what funding will be provided for councils beyond next year and the detail of planned service reforms. Therefore, wherever possible, transfers of resources to the Financial Management Reserve will be made. Details of the reserves held, and the Chief Finance Officer Statement on Reserves and Budget Robustness is set out in Appendix 6.

### **Engagement Feedback and Future Consultation**

1.61 The views of the Scrutiny Committees are set out in Appendix 7. The views of partners, Trades Unions, young people and business ratepayers are also included in the appendix.

### **Equalities**

1.62 An initial Equalities Impact Assessment (EqIA) of each of the revenue savings proposals has been undertaken and is set out in Appendix 4. Further EqIAs will be undertaken where appropriate when individual proposals are being considered.

1.63 All proposed capital spending has been subject to an initial equalities assessment to identify potential impacts on people sharing legally protected characteristics and to identify whether a detailed EqIA is required (including if one has already been completed or is planned). Where the need for further equality assessment has been identified, this will be undertaken when individual proposals are being planned in more detail, to enable accurate analysis. A summary of the equality consideration of proposed capital spending is set out in Appendix 8b and where a detailed EqIA has been completed it is available to Members.

1.64 In considering the proposals in this report, Cabinet Members are required to have 'due regard' to the duties set out in Section 149 of the Equality Act 2010 (the Public Sector Equality Duty) as summarised in Appendix 8b. EqIAs are carried out to identify any adverse impacts that may arise as a result of proposals for people sharing legally protected characteristics and to identify appropriate mitigations. The full version of relevant completed EqIAs for capital projects are available on the Cabinet pages of the County Council's website. They can be inspected upon request at County Hall. Members must read the full version of the EqIAs and take their findings into consideration when determining these proposals.

1.65 Whilst the Cabinet is being asked to recommend, and subsequently the County Council asked to agree, the revenue budget and capital programme, the budget decision does not constitute final approval of what policies would be or what sums of money will be saved or spent under the service proposals. The recommendations in the report do not commit the Council to implement any specific saving or spending proposal. When the Executive come to make specific decisions on budget reductions or expenditure, where necessary, focussed consultations and the full equalities implications of doing one thing rather than another will be considered in appropriate detail. If it is considered necessary, in light of equalities or other considerations, it will be open to those taking the decisions to spend more on one activity and less on another within the overall resources available to the Council.

### **Fees and Charges**

1.66 The Chief Finance Officer is delegated to approve all fees and charges and to report to Cabinet and County Council those set at a level above inflation; a reasonable inflation level with regard to the Consumer Price Index (CPI), Retail Price Index (RPI) and pay inflation. Appendix 9 is for noting and shows a schedule of the fees and charges approved at quarter 3 that have

increased by more than 4.0%; whilst below current inflation, inclusion at this lower level provides further transparency and information.

## **Conclusion**

1.67 Based on a firm foundation of sound financial management over many years, and with additional Government funding for the coming year, the Council can again offer service stability for our residents. Whilst the additional national funding is welcome, it is short term, with uncertainty about the level and distribution of funding in future years. Coupled with major reforms to key services, the implications of which remain unclear, this creates significant risk and uncertainty for the future and we must continue to do all we can now to prepare for the demands ahead.

1.68 There is continued reliance on raising funding for core pressures, particularly growing demand in adult social care, through local Council Tax which is unrelated to social care need and unsustainable. In this context we must again ask local people to contribute more to protect services for the most vulnerable for the future. This recommendation is not made lightly, given the current pressures on household budgets, but it is essential if we are to protect services for the years to come. Support will continue to be available through local Council Tax Support Schemes for those residents eligible and we will continue to work with partners to signpost residents to sources of support with the cost of living, including access to benefits they may be entitled to.

1.69 The budget presented is for one year, with significant uncertainty remaining about the outlook beyond this. Looking further ahead, we still face a significant gap between the funding we currently expect to have and the cost of providing our services as well as the undefined impacts of reforms. The proposals set out in this report put us in the best position we can to manage this situation and maintain our support to residents, particularly the most vulnerable children and adults, as well as making provision for investment to help manage future demand in Children's Services and achieve the best possible outcomes for families.

1.70 In this context, we will need to continue to work with our local, regional and national partners to highlight the specific needs of East Sussex and to press for fair and sustainable allocation of funding that enables us to continue to meet the needs of our residents. Core to this is a requirement for Government to ensure sustainable, needs-based funding for growth in demand. Until this is delivered our medium term financial position will remain very challenging. Lobbying to ensure that our residents and businesses have what they need to be successful in the future will be fundamental to achieving a strong recovery from current economic challenges and reducing the need for County Council support and services in future.

1.71 The Cabinet recommends the County Council to:

☆ (1) approve, in principle, the draft Council Plan 2023/24 at Appendix 1 and authorise the Chief Executive to finalise the Plan in consultation with the relevant Lead Members;

(2) approve the net Revenue Budget estimate of £501.4m for 2023/24 as set out in Appendix 2 (Medium Term Financial Plan) and Appendix 3 (Budget Summary) and authorise the Chief Executive, in consultation with the Chief Finance Officer, Leader and Deputy Leader, to make adjustments to the presentation of the Budget Summary to reflect the final settlement and budget decisions;

(3) in accordance with the Local Government Finance Act 1992 to agree that:

- (i) the net budget requirement is £501.4m and the amount calculated by East Sussex County Council as its council tax requirement (see Appendix 5) for the year 2023/24 is £348.8m;

- (ii) the amount calculated by East Sussex County Council as the basic amount of its council tax (i.e. for a band D property) for the year 2023/24 is £1,693.80 and represents a 4.99% (2% of which relates to the Adult Social Care precept) increase on the previous year;
- (4) advise the District and Borough Councils of the relevant amounts payable and council tax in other bands in line with the regulations and to issue precepts accordingly in accordance with an agreed schedule of instalments as set out at Appendix 5;
- (5) agree the Reserves Policy set out in Appendix 6;
- (6) approve the Capital Strategy and Programme at Appendix 8;
- (7) note progress with the Council Plan and Budget 2022/23 since quarter 2 set out in paragraphs 1.40 to 1.43 of the report;
- (8) note the Medium Term Financial Plan forecast for 2023/24 to 2025/26, set out in Appendix 2;
- (9) note the comments of the Chief Finance Officer on budget risks and robustness, as set out in Appendix 6;
- (10) note the comments from engagement exercises set out in Appendix 7; and
- (11) note the schedule of fees and charges that have increased above 4% at Appendix 9.

## **2. Final draft corporate Climate Emergency Plan for 2023-25**

2.1 In October 2019, the County Council set a target of achieving carbon neutrality from its activities as soon as possible and in any event by 2050. In June 2020, Cabinet approved a corporate climate emergency action plan for 2020-22. In 2021-22, Cabinet agreed an additional £9.9m to address corporate climate change up to March 2025. On 7 January 2023, Cabinet considered a report covering an updated corporate Climate Emergency Plan covering 2023-25. The final draft of the Climate Emergency Plan is set out in Appendix 11 and a summary version is set out in Appendix 12.

### Supporting Information

2.2 A clear understanding of the carbon emissions generated by our activities is a key foundation for working towards net zero. The carbon emissions of an organisation usually divided into 3 categories:

- Scope 1 – emissions from the use of gas and oil in Council buildings and petrol and diesel in Council-owned vehicles. These are about 2% of total Council emissions.
- Scope 2 – emissions from the electricity purchased by the Council. These are also about 2% of total Council emissions.
- Scope 3 – emissions that result from all other activities of the Council, including business travel, water usage, waste, procurement and staff commuting. These are about 96% of total Council emissions, with the vast majority from procurement of the goods, works and services that the Council needs to pay for in order to deliver its statutory services. This is similar to other local authorities.

2.3 Scope 1 and 2 emissions are under the direct control of the Council, and the Council has good quality data scope for these. The Council's scope 1 and 2 carbon emissions have been

reduced by over 66% over the last decade, due to the decarbonisation of the national electricity grid, through a reduction in the Council's estate and as a result of investment made by the Council in carbon reduction measures. Due to the variability of the data, further work is required to quantify most scope 3 emissions before they can begin to be reliably integrated into the Council's carbon footprint and modelled for future emission reductions.

2.4 Following the declaration of a climate emergency in 2019, the Council developed a corporate climate emergency plan for 2020-22, which set out the baseline carbon emissions and the actions to be delivered during 2020-22. A Scrutiny review of progress in becoming a carbon neutral council was carried out in 2019-20, which included a set of recommendations that were accepted by the Council in 2020. Since then, six monthly reports have been taken to the Place Scrutiny Committee on progress in delivering against the recommendations and an annual progress report on the climate emergency plan was presented to full Council in October 2021 and October 2022.

2.5 The draft Climate Emergency Plan for 2023-25 in Appendix 11 sets out:

- 1) The Council's current carbon footprint;
- 2) Some principles for the Council to follow in its approach to net zero;
- 3) The Council's science-based 5 year carbon budgets;
- 4) The modelling work that has been used to steer some of actions in the Plan;
- 5) How the additional investment of £9.9m made available by Cabinet for climate change will be spent up to March 2025;
- 6) The governance, monitoring and reporting systems in place to cover the Plan.

2.6 In June 2022, a cross party working group of the Place Scrutiny Committee was set up to input to the development of the updated Climate Emergency Plan. It held five meetings, first to gather evidence and then to review early drafts of the Plan and to shape the final version. The Plan set out in Appendix 11 incorporates the comments made by Members of the working group, alongside the Lead Member for Resources and Climate Change. The working group also requested that a shorter summary version of the full Climate Emergency Plan be produced, to help communicate the Plan. This version is set out in Appendix 12.

### Conclusion

2.7 The modelling work carried out to inform the development of the Climate Emergency Plan indicates that the Council is currently investing in an appropriate mix of measures to cut its carbon emissions, including low energy lighting, heat decarbonisation, solar PV and vehicle electrification. In order to increase the pace and scale of corporate carbon reduction, the additional resources agreed by Cabinet are being used to invest in more of these measures and to establish a more structured, One Council programmatic approach. This includes the delivery of interventions such as staff behavioural change, greater focus on scope 3 emissions, an assessment of carbon off-setting and developing a more robust approach to climate change adaptation across the Council.

2.8 The modelling work also indicated that a significant and long-term uplift in budget provision would be required to meet the Council's carbon reduction target. However, this needs to be set in the context of wider Council pressures and budgetary constraints. The Council has bid for, and will continue to bid for, short-term funding that has been made available by central government to support the public sector to decarbonise. However, there is currently no indication from government as to how local authorities will be able to access the necessary scale of funding to get to net zero. Without access to significant external funding or finance it is unclear how the Council will be able to remain within its carbon reduction ambition.

2.9 Cabinet resolved to agree to the final draft of the corporate Climate Emergency Plan for 2023-25 (Appendix 11) and to agree to the draft summary version of the Climate Emergency Plan (Appendix 12).

### **3. Scrutiny Review of Use of Digital and Technology in Adult Social Care and Health**

3.1 The Cabinet has considered a report of the People Scrutiny Committee on its Review of Use of Digital and Technology in Adult Social Care and Health (ASCH). The report of the Scrutiny Committee is included elsewhere on the agenda (item 6).

3.2 In July 2022 the People Scrutiny Committee agreed to establish a Review Board to undertake a Scrutiny Review of Use of Digital and Technology in ASCH. The scope of the review encompassed exploring what cultural and behavioural changes are needed to support greater use of online services, self-service options and adoption of a 'digital by default' approach by the ASCH Department, with a focus on the following service areas to avoid the review being too broad:

- Financial assessments
- Reviews (especially carer reviews)
- Information, advice and signposting
- Carer assessments

3.3 The review considered the current take-up of digital and self-service options within the above service areas; the behavioural and cultural changes required to support greater take-up of digital and self-service options; and how those changes could be supported.

3.4 The Scrutiny Review of Use of Digital and Technology in ASCH is welcomed by the ASCH Department and in particular the opportunity afforded by this review to demonstrate the work the Department is undertaking to deliver more self-service options and the planned direction of travel to move towards being 'digital by default'.

3.5 It was considered by the Review Board that the planned direction of travel builds on a natural trend in people choosing digital means to contact and transact with the ASCH Department, demonstrated by the shift in methods of contact to Health and Social Care Connect (HSCC), in growing registrations to the Adult Social Care Portal and use of blue badge forms, and the Board recognised that general expectations of what people should be able to be do online have shifted in recent years, particularly following the coronavirus pandemic.

3.6 The Scrutiny Review has made a range of recommendations, many of which recognise the work already underway and the need to continue to build on that. It was identified that there are opportunities to capture learning from other local authorities and from ongoing rollout of digital services to ensure the offer being put in place is taken advantage of by residents, clients and carers, and it was considered that there are a number of positive projects and programmes already underway.

3.7 The Review Board also identified several areas where activity, both internally in ASCH and with partners, could support greater use of the platforms and innovations being put in place, and recommended that the Department explore these to see if there are opportunities for learning or local application.

3.8 All of these recommendations are considered positive and reflective of the direction of travel for the ASCH Department, and the Department considers that the recommendations are realistic and achievable.

3.9 In welcoming the findings of the Scrutiny Committee, the Cabinet has considered a report by the Director of Adult Social Care and Health (as set out in Appendix 13) on the specific recommendations and endorsed it as its response to the recommendations.

3.10 The Cabinet, in welcoming the report, recommends the County Council to –

✧ approve the response of the Director of Adult Social Care and Health on the implementation of the recommendations in the Scrutiny Committee’s report.

#### **4. Council Monitoring: Quarter 2 2022/23**

4.1 The Cabinet has considered a report on performance against the Council Plan, Revenue Budget, Capital Programme, Savings Plan and risks for quarter 2 2022/23. Broad progress against the Council’s four strategic priority outcomes is summarised below and an overview of finance and performance data is provided in the Corporate Summary at Appendix 14, (page of 258 appendices). Strategic risks are also reported at Appendix 14, (page 304 of appendices).

##### Council Plan 2022/23 amendments and variations

4.2 The Council Plan 2022/23 and the Portfolio Plans 2022/23 – 2024/25 have been updated with available 2021/22 outturns and final performance measure targets. All plans are published on the Council’s website. The Corporate Summary (Appendix 14 from page 258 ) contains a forecast of performance against targets.

4.3 The Strategic Risk Register (Appendix 14 from page 304 ), was reviewed and updated to reflect the Council’s risk profile. Risk 6 (Local Economic Growth), Risk 9 (Workforce), Risk 15 (Climate) and Risk 17 (Safeguarding of Children and Young People) have updated risk controls. Risk 1 (Roads) and Risk 8 (Capital Programme) have updated risk definitions and risk controls. Risk 4 (Health) has updated risk controls and a revised post mitigation risk score.

##### Budget Outturn

4.4 The details of revenue over and underspends in each department are set out in the relevant appendices, and show a total forecast overspend of £8.2m (£5.1m at quarter 1). The main headlines are:

- Children’s Services (CSD) has a forecast overspend of £8.439m, an increase of £3.282m since quarter 1. This is the combined impact across a number of areas as follows:

£6.820m of the forecast overspend relates to **Early Help and Social Care**, an increase of £3.435m since quarter 1. As with quarter 1, the cost pressures continue to reflect clear regional and national issues in terms of a combination of reduced availability of both care and education placements, often linked to recruitment difficulties, and the increased complexity of children’s needs.

The largest element of the increase in the forecast overspend is at Lansdowne, which is now forecasting an overspend of £2.5m, an increase of £1.6m from quarter 1. This is due to a combination of:

- (a) further reduced forecast income of £0.8m due to continued staff shortages and recruitment difficulties, as well as the increasingly complex needs of some children, all resulting in a reduction in the number of children that can be looked after there; and
- (b) increased costs of a further £0.8m because of the continued need to use expensive specialist agency staff (net of further COVID-19 funding of £0.1m for covering related staff absences).

Against the backdrop of this worsened position, the department is looking at options for Lansdowne's future operating model, as it is recognised that this forecast position is not sustainable.

Additionally, within LAC, Children's homes are forecasting additional costs of £0.353m mainly at Silver Birches, where additional staffing and night care support have been required.

Within Locality, there are a number of smaller overspends. We reported in quarter 1 that there were forecast overspends resulting from the need to provide intensive support at home for a small number of young people who have particularly complex needs and for whom school places/alternative education offers cannot be found. These have continued in quarter 2, with a further forecast overspend of £0.135m. Despite a new approach to resourcing accommodation for young people who are homeless to significantly reduce the costs to which the council is otherwise exposed, the costs continue to exceed budget provision in this area with a further forecast overspend of £0.136m.

In the **Specialist Family Services** team there are also further pressures reflected in the overall forecast. For example, £0.099m from where partner organisations are not increasing contributions in line with inflation or where funding has ended, but where costs cannot be immediately stopped. The department is working to address this in the medium term.

Within **Early Help and Social Care**, increased forecasts include an overspend of £0.108m on utility costs due to the rising prices (subject to clarification on potential funding decisions for this). While other areas within the department are also experiencing pressures from this, Early Help runs several buildings and is not able to contain the price increase within its utilities budget of £0.195m.

Within **Communication, Planning and Performance** we are forecasting a small reduction in the forecast overspend of £0.030m from quarter 1 to £3.276m. Within this, the overspend on Home to School Transport of £3.204m (net of COVID-19 funding of £0.817m for ongoing related pressures) is unchanged.

The overspends outlined above have continued to be mitigated in part by a forecast underspend of £1.720m (an increase of £0.109m since quarter 1) because of efficiencies and staff vacancies across several areas in the department which we are recording in **Central Resources**.

**Next steps** – The department is continuing to look for further mitigations but containing costs in Children's Services is a significant challenge currently across the country. This is the result of increased demand and complexity of needs, emerging from the pandemic, and acute supply side shortages in care and education provision.

The department is looking at the longer-term impact of the 2022/23 forecast on the Medium Term Financial Plan (MTFP). The MTFP already includes significant investments totalling some £6.8m for Home to School Transport, Locality and Care leavers from 2023/24 and the forecast does not impact on this. However, the MTFP does currently assume an annual income of £1.4m from the Lansdowne Secure Unit, which is unlikely to be achieved in the short term. Turnover, recruitment challenges, and the knock-on effect of costly agency staff also remain a risk to cost control across the department.

- Adult Social Care (ASC) is projecting an overspend of £0.418m, just over 0.2% of the net budget. This comprises an overspend of £1.5m in the Independent Sector, offset by an underspend of £1.082m in Directly Provided Services, the latter mainly due to staffing vacancies.
- The Communities, Economy & Transport budget is forecast to underspend by £0.977m. There are £1.107m of COVID-19 costs and lost income which will be offset with COVID-19 tranche funding. The underspend would have been higher, but the £1m Parking savings target will not be met this year. The Parking savings have been significantly impacted by

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changes to driving and parking habits following COVID-19. High street activity has not returned to pre-covid levels and consequently we have yet to see the level of revenue that the increased parking charges were expected to yield. The £0.060m Environmental Service saving is unachievable; it forms part of the reported variance this year and the department will look to find alternative savings next year. The largest area of underspend is in Transport and Operational Services. This is mostly made up of Waste Service underspends due to increased income from recycling, electricity sales, and third parties. As agreed, £1m of this windfall Waste income has been transferred to the Waste Reserve to cover future budget pressures and a further £1.37m will be used to cover the cost of the Record Service move from Ropemaker Park. There is a net overspend on the Highways budget due to inflation-based compensation events and additional tree work due to Ash Die Back.

- The Business Services overspend of £0.3m is mainly due to a forecast overspend of £0.5m in Property consisting of an unbudgeted contribution to Lewes Castle Wall phase 2 works; and a significant increase in property maintenance costs, partly attributable to rising prices and works the service has identified that could not be delivered during the COVID-19 lockdown. This is offset by an underspend of £0.2m in IT&D arising from vacancy and recruitment gaps; and from the unbudgeted contribution to SAP hosting support from Surrey County Council following delays to their new Enterprise Resource Planning system 'go-live'.

4.5 Within Treasury Management (TM), Corporate Funding and other centrally held budgets there is an underspend of £9.8m (including the general contingency):

Corporate Funding budgets are overspending by £0.9m, because of a £0.6m error by Rother District Council in their precept returns to the Council at budget setting, and a £0.3m reduction in the income from Business Rate Pooling arrangements compared with the district and borough forecasting used for budget setting.

The General Contingency of £4.3m will be required in full as it will only offset part of the Service and Corporate Funding overspend.

There is currently an estimated £6.4m underspend on TM, the result of improved returns on market investment. The slippage on the capital programme, and an increase in our cash balances, has also removed the need to borrow externally in 2022/23. As a result, £4.8m can be used to cover the remaining overspend on Service and Corporate Funding budgets. The remaining £1.6m will, in line with normal practice, be available to reduce the capital borrowing requirement.

4.6 The Council is still experiencing residual COVID-19 related costs and income losses which are being fully mitigated from general and specific funding. The table below shows the current forecast for use of this funding in 2022/23:

<b>COVID-19 Grants 2022/23 (£m)</b>	<b>Carried forward</b>	<b>Estimated use in-year (including payback*)</b>	<b>Specific set-aside for LAC in future yrs</b>	<b>Estimated balance remaining</b>
COVID-19 General Funding	14.075	(4.333)	(3.074)	6.668
COVID-19 Specific Funding	8.990	(8.990)	-	-
<b>Total funding</b>	<b>23.065</b>	<b>(13.323)</b>	<b>(3.074)</b>	<b>6.668</b>

\* to date the Council has repaid £1.9m of unused grant

4.7 Capital Programme expenditure for the year is projected to be £79.6m against a budget of £96.4m, a net variation of £16.8m. Of the net variation position, £6.2m relates to Local Enterprise Partnership (LEP) funded projects being delivered by or in partnership with others, where the timing of expenditure and delivery is largely outside of the Council's control. Main variations include:

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- Schools Basic Need Programme – slippage of £2.6m mainly due to new primary school provision at Uckfield being subject to the timing of a large housing development and securing associated land from the developer. There is no immediate pressure on school places in the area and the Council is currently able to meet demand for places within the existing school capacity.
- Special Educational Needs and Disability School Places – slippage of £1.4m due to the programme being reprofiled as the scope of projects are still being defined, and £1.9m slippage for provision at Grove Park due to ongoing land negotiations not yet being concluded.
- IT & Digital Strategy Implementation – Slippage of £1.6m across the programme, of which £1.1m relates to the South East Grid project where delivery is mainly outside the council's control. Resource capacity is also delaying delivery of other projects, although this does not impact the Council's existing systems or security.
- Highways – slippage on a number of projects that have been delayed to pass construction on to the new Highways contractor, including Eastbourne Town Centre Phase 2 (LEP funded project) of £2.7m and Shinewater Bridge works of £1.0m.
- Eastbourne/South Wealden Walking and Cycling Package (LEP funded project) – slippage of £1.8m due to design complexities and contractor resource issues.
- Hastings Bexhill Movement and Access Programme (LEP funded project) – slippage of £1.8m to coincide with planned Hastings Borough Council works.
- Bus Service Improvement Programme – Slippage of £1.5m due to a six-month delay in the timing of the grant announcement by the Department for Transport.
- Bexhill and Hastings Link Road – Project costs remain for post excavation archaeology, landscaping, and remaining Part 1 claims. There is a projected overall overspend on the scheme in the region of £2.7m, of which £2.1m is forecast to materialise during 2022/23. The in-year position will be reviewed as Part 1 claims are settled and paid throughout the year.

### Progress against Council Priorities

#### Driving sustainable economic growth

4.8 The Council has spent £285m with 912 local suppliers over the past 12 months, which equates to 67% of our total spend. The Procurement team continues to promote our contract opportunities to local suppliers, as well as building local supply chain opportunities into our tenders where possible (Appendix 14 from page 273).

4.9 Locate East Sussex helped 17 businesses to remain within, or relocate to, East Sussex in quarter 2. Businesses were helped by business support programmes to create or safeguard 94 full-time equivalent jobs (Appendix 14 from page 273).

4.10 Four contracts were awarded in quarter 2, of which two were in scope of the Social Value Measurement Charter, which quantifies the economic, social and environmental benefits of Council procurement. The two applicable contracts had a total value of £22.5m, and secured £12.8m in social value commitments, which equates to an outturn of 57%. The social value secured includes training for care providers and local people, the use of a service centre as a community hub, and the use of renewable energy. There were 150 registrations on the newly refreshed Social Value Marketplace in quarter 2 after our suppliers, communities and charity partners were contacted with details on how to register and engage with the new system (Appendix 14 from page 264).

4.11 Apprenticeship Roadshows were held in Hastings and Eastbourne in quarter 2. The roadshows included 63 exhibits, advertising over 200 vacancies. A total of 645 young people, their parents and carers and jobseekers attended the events. A panel discussion took place, providing an opportunity for visitors to question and ignite discussion amongst employers, providers and apprentices from a range of organisations (Appendix 14 from page 273).

4.12 A new highways contract was awarded to Balfour Beatty Living Places in October 2022. The seven-year contract is worth £297m and will commence on 1 May 2023. Balfour Beatty Living Places will be responsible for maintaining the county's highways network and infrastructure, including roads, pavements, drainage, streetlights, traffic lights and bridges. As part of the procurement process Balfour Beatty Living Places demonstrated how they would help reduce the Council's carbon footprint, provide value for money and improve social wellbeing in East Sussex. (Appendix 14 from page 289).

4.13 The Government confirmed in quarter 2 that we would receive the whole of our indicative funding of £41m towards our Bus Service Improvement Plan. The funding is subject to the agreement of the Enhanced Partnership Plan and Schemes. The statutory process to agree the plan and schemes has begun (Appendix 14 from page 289 ).

4.14 Highways works, utilising the one-off investment agreed by Cabinet in November 2021, have continued in quarter 2. Over £2.0m of additional road patching work has been completed at 666 sites. Works on pavements has increased in quarter 2 with 172 sites now completed. Road marking schemes commenced in quarter 2, with projects delivered at a small number of sites. £0.5m of signage works are scheduled for 2022/23, with 866 signs projected to be replaced (Appendix 14 from page 289).

4.15 76% of Looked After Children at academic age 16 were participating in education, training or employment with training in quarter 2, against a target of 80%. At academic age 17, 66% of children were participating against a target of 70%. The Virtual School and through care teams are continuing to work to support young people into education, employment, and training. Post 16 pupil premium funding is being used to support providers and prevent the breakdown of educational placements. We will also fund a small number of bespoke packages for young people who are unable to engage with existing providers (Appendix 14 from page 280).

4.16 5,714 children took part in the Summer Reading Challenge during quarter 2. The challenge aims to encourage primary school children to read books during the summer holidays. This year's challenge invited children to Join the Gadgeteers to discover the amazing science and innovation in the world. 3,473 of these children finished the challenge. Several events to support the challenge were held, including 74 school assemblies, with over 6,800 participants. 39 events were also held in our libraries, ranging from author story times, treasure hunts and science focussed sessions (Appendix 14 from page 280 ).

Keeping vulnerable people safe

4.17 Trading Standards made 87 positive interventions to protect vulnerable people in quarter 2, including installing call blockers and dummy cameras (Appendix 14 from page 264).

4.18 A second Mental Health Support Team has been launched in Hastings to support young people. Four Educational Mental Health Practitioner trainees, two Senior Mental Health Practitioners and a parent/carer practitioner have been recruited. Four primary schools and one secondary school have been identified as placement schools. The remaining six primary schools will have newly qualified staff from last year's Hastings Team 1 cohort allocated to them. Meetings took place with all schools in quarter 2 to establish referral pathways (Appendix 14 from page 280 ).

4.19 77% of Health and Social Care Connect referrals were triaged and processed so far in 2022/23 against a target of 95%. There has been a 25% increase in work across Health and Social Care Connect compared to 2021/22, and this is impacting on our ability to triage and process referrals. There has also been a 25% vacancy rate within the service, and we have been actively recruiting to fill these roles (Appendix 14 from page 264).

4.20 Young people eligible for free school meals were provided with food vouchers over the school holidays using funding from the Government's Household Support Fund. Vouchers are provided directly to families by schools, settings and colleges. Vouchers can be used in all major supermarkets. The scheme has been extended for another six months and food vouchers will again be provided to eligible pupils over the school holidays (Appendix 14 from page 280).

4.21 The latest available figures, as of 7 October, show that 1,230 guests have arrived in East Sussex under the Homes for Ukraine scheme. The guests are at 533 different properties across the county and more than 400 school places have been allocated to Ukrainian children. During quarter 2 the Third Sector support team has continued to work with the Voluntary Actions (3VA, HVA and RVA) and Voluntary, Community and Social Enterprise organisations in East Sussex to develop support for Homes for Ukraine guests and hosts across the county (Appendix 14 from page 264).

### Helping people help themselves

4.22 Five infrastructure schemes to improve road safety in the county were completed in quarter 2. These schemes were in Wartling, Birling Gap, Duddleswell, Piltown and Hastings. 95 'Bikeability' courses were delivered to 903 individuals at participating schools and the Cycle Centre at Eastbourne Sports Park in quarter 2. We also delivered 21 'Wheels for All' sessions to 579 attendees at the Sports Park (Appendix 14 from page 258).

4.23 A new specialist facility opened at All Saints CE Primary School in Bexhill in quarter 2. The new facility will accommodate 12 children with Autistic Spectrum Disorder and associated Social, Emotional and Mental Health and Speech, Language and Communication Needs. Summerdown School, a new free special school which is part of The Southfield Trust, also opened in quarter 2. The school will educate up to 84 learners between the ages of 5 and 16 who have a diagnosis of autism. It will also include a separate centre called The Southfield Centre, which will educate up to 51 learners with complex learning and medical needs. The Council has worked closely with the Trust to open the new school, which is part of our strategy to ensure that children and young people with Special Educational Needs and Disabilities are able to access the right provision (Appendix 14 from page 280).

4.24 Work to support health and social care integration continued in quarter 2. The new Sussex Health and Care Assembly has been established as a statutory joint committee between health and care partners in Sussex. Work has started on the Assembly's statutory Integrated Care Strategy, which will provide the overall framework for local collaboration across the NHS and local government (Appendix 14 from page 264).

4.25 138 households received a support intervention in quarter 2 as part of the Government's Supported Families Programme. The total for quarters 1 and 2 of 2022/23 is 285 families, against a yearly target of 1,350 households. The target is set nationally and is an increase on previous years. There are several job vacancies in the early help keywork service, which has impacted on the number of families whose support is monitored by the programme. To increase the number of families supported by the programme we are working to extend the number of

teams taking a whole family approach within the Supporting Families Outcomes Framework. Although the number of families receiving an intervention is lower than targeted, there continues to be a high number of families who achieve their outcomes as part of the programme and sustain these for at least six months. (Appendix 14 from page 280).

Making best use of resources now and for the future

4.26 Lobbying continued in quarter 2, including the Leader writing to local MPs to highlight the Reconciling Policy Performance and Resources update in September. This set out the increasingly challenging financial position facing the Council and the impact the uncertain national economic conditions were having on our projected budget deficit. The Chief Finance Officer also met with Government officials in quarter 2 to brief them on our challenging financial outlook (Appendix 14 from page 297).

4.27 There was a 29% reduction in carbon emissions at the end of quarter 1 (reported a quarter in arrears) compared to the baseline year of 2019/20, below our target for the year of 34%. Several energy efficiency projects continued in quarter 2. Three LED lighting schemes were installed, and 10 Solar Photovoltaics (PV) projects were programmed (Appendix 14 from page 258).

4.28 The Council has continued to work with a range of partners to develop and deliver carbon reduction and climate change adaptation work in quarter 2. £300,000 of funding has been secured from the Forestry Commission, in partnership with Lewes and Eastbourne councils and local community groups. This funding will be used for replacement tree planning on the highway verge and on district and borough council land. 38 free energy audits with local small to medium sized businesses have been carried out since April 2022. £100,000 of grants to businesses have also been distributed, helping them to put energy efficiency improvements and renewable energy schemes in place (Appendix 14 from page 258).

4.29 Cabinet considered a Reconciling Policy Performance and Resources report in quarter 2 which outlined the latest projected financial position for the Council for 2023/24 and beyond. The financial outlook remains very challenging in the medium term with both an uncertain national economic outlook and current and projected future pressures and uncertainties locally. There has been significant increased demand for services alongside inflationary pressures. The proposed Adult Social Care charging reforms are also projected to place significant financial demands on the Council. Given this context, Cabinet agreed to hold the majority of the £5.2m of one-off funding provided through the 2022/23 Local Government Settlement in reserves until the financial picture is clearer (Appendix 14 from page 258).

## **5. Treasury Management Policy and Strategy 2023/24**

5.1 The Cabinet considered a report proposing the Treasury Management Policy and Strategy for 2023/24. The Council is also required to set Prudential Indicators as set out in the Prudential Code which are included in the strategy for approval. The Treasury Management Policy and Strategy Statement (TMSS) for 2023/24 is attached as Appendix 15. This includes the Treasury Management Policy Statement, the Treasury Management Strategy Statement and the Annual Investment Strategy, Prudential and Treasury Indicators for the next three years and the annual Minimum Revenue Provision (MRP) Policy Statement.

5.2 The 2023/24 TMSS has been prepared within the context of the financial challenge being faced by the County Council over the Medium Term Financial Plan and seeks to compliment the Council Plan by:

- utilising long term cash balances as effectively as possible by investing in longer term instruments and/or using to fund borrowing to reduce borrowing costs;

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- ensuring the investment portfolio is working hard to maximise income by further use of alternative appropriate investment opportunities during 2023/24;
- ensuring effective management of the borrowing portfolio by exploring rescheduling opportunities and identifying and exploiting the most cost effective ways of funding the Council's borrowing requirement.

5.3 The 2023/24 Investment Strategy has been set in the context of improved investment returns as a result of increases in the Bank of England (BoE) Base Rate as a response to global and national inflation caused by a multitude of factors. The Base Rate is currently forecast to peak during 2023/24, after which is expected to start falling again as the BoE is expected to tighten monetary policy in order to contain the impact of recession. The investment performance for 2023/24 is therefore forecast at 4.45%. The average rate of return for 2021/22 was 0.38% and for the first six months of 2022/23 was 1.08%.

5.4 Some changes in the Annual Investment Strategy are recommended as outlined in the table below:

2022/23 Strategy	2023/24 Proposed Strategy	Reason for proposed change
Non-UK banks – minimum criteria of AA+ banks in AA+ sovereign countries.	Non-UK banks – minimum criteria of AA- banks in AA- sovereign countries.	Whilst a reduction in the credit criteria of non-UK banks, in reality, there are no AA+ Banks that can be used under the existing criteria. The change therefore expands the list of names that the council can lend to (allowing better diversification of the investment portfolio) whilst still maintaining a high level of security. The Approved Counterparty List at Annex A has been updated to reflect this change.
No risk benchmarking criteria.	Introduction of benchmarking the risk of the investment portfolio against historic default rates of counterparties.	To ensure that the risk of the portfolio is monitored closely and reported to members quarterly. A maximum risk indicator will be set to ensure that security is prioritised within acceptable levels.
No performance benchmarking	Introduction of benchmarking the return of the portfolio against the Sterling Overnight Interbank Average Rate (SONIA)	Monitoring the investment portfolio against market interest rates will assess whether the portfolio is maintaining its value. This will be reported to members quarterly.

5.5 Officers continue to seek out Environmental Social & Governance (ESG) investment opportunities with counterparties that meet the council's investment parameters. The council continues to invest in Standard Chartered's sustainable fixed deposits which aligns the Council's investments with the bank's ESG strategy. The market for green and broader ESG investments is still relatively immature, which reduces the ability to actively invest in products that support the Council's aspirations. However, research and the consideration of the suitability of ESG investment products will continue into 2023/24.

5.6 The Borrowing Strategy and the Capital Programme identifies a borrowing need of £113m between (2023/24 and 2025/26. There are currently sufficient cash balances, therefore officers will seek to use cash from the Council's own reserves to initially fund borrowing – this will decrease the Council's cash balances, reducing counterparty risk, and reduce borrowing costs. Modelling of the Council's capital plans and cashflows has identified an appropriate level of internal borrowing of around £50m. This strategy will be kept under constant review and borrowing will be undertaken where it is felt there is a significant risk of steep increases in borrowing rates.

5.7 The Treasury Management Tool is used to calculate the budget within the Medium Term Financial Plan (MTFP). The Tool reflects the costs of borrowing in support of the targeted basic need programme offset by returns on investment of the Council's balances; it is therefore reflective of a point in time. The Tool was developed as part of the Capital Strategy, and is regularly reviewed for reasonableness.

5.8 The introduction of the liability benchmark in Section 2.4 of Appendix 15 demonstrates that if that council were to internally borrow to utilise its cash-backed reserves and balances whilst maintaining a buffer for cash requirements, external borrowing could be avoided until 2026/27. This indicator will be used to assist with future borrowing decisions, in conjunction with the Treasury management Tool.

5.9 In terms of Revenue impact, the Treasury Management budget within the Medium Term Financial Plan (MTFP) supports the cost of borrowing which includes MRP provision and interest. The budget has been reviewed to take into account the impact of recent interest rate rises, which have increased returns on investments, and the impact of proposed updates to the capital strategy/programme. It is proposed that a reduction of £6m is made to the Treasury Management budget in 2023/24. With interest rates modelled to normalise at a lower level in the medium term, alongside increasing costs of capital programme borrowing, the budget reduction will be removed over 2024/25 and 2025/26.

5.10 In addition to the annual strategy, the CIPFA Code requires the Council to report (as a minimum) a mid-year review and an annual report at the close of the year. The Council meets this requirement with the Treasury Management Annual Report 2021/22 and mid-year report 2022/23 presented to Cabinet on 13 December 2022. Additionally, the treasury management monitoring position is reported to Cabinet as part of the Reconciling, Policy, Performance and Resources quarterly monitoring.

5.11 The Council takes advice from Link Asset Services on its treasury management activities. A detailed view of the current economic situation and forecasts, as prepared by Link Asset Services is included in Appendix 15 (Annex B) to the report.

5.12 Cabinet recommends Council to:

- ✧ (1) approve the Treasury Management Policy and Strategy Statement for 2023/24;
- (2) approve the Annual Investment Strategy for 2023/24;

(3) approve the Prudential and Treasury Indicators 2023/24 to 2025/26;

(4) approve the Minimum Revenue Provision (MRP) Policy Statement 2023/24 at Appendix 15

## **6. Annual Report of Looked After Children's Services**

6.1 The Cabinet has considered the annual progress report for Looked After Children's Services which is attached as appendix 16. It was presented to and discussed at the Corporate Parenting Panel on 28<sup>th</sup> October 2022 with some minor amendments made subsequently, for example more detail on the budget was added.

6.2 On 31<sup>st</sup> March 2022, there were 628 Looked After Children (LAC) in East Sussex; this represents an increase of 17 children as compared to 2020/21, this was in part due to an additional 5 Unaccompanied Asylum Seeking Children (UASC) in the snapshot figure as compared to the previous year. The rate of LAC increased from 57.5 in 2020-21 to 58.9 per 10,000 population in 2021-22 but this is still well below the national average for England of 67.0.

6.3 The LAC data only ever gives a snapshot of our children moving in and out of the system at a fixed date each month/year and considerable activity sits beneath it. The data below and set out in the annual report is referred to as 'churn'. This cohort of children will come in and out of the system within the year. When this is added to the number of LAC at the year end this gives a total of 845 children in care who were allocated a social worker and worked with during 2020/21. This is an increase of 63 on 2020/21. This represents significantly higher activity levels across the service. There were higher numbers of children who left care in this period compared to last year, but more children came into our care overall.

6.4 There was an increase in children coming into care from 209 during 2020/21 to 246 during 2021/22. The number of 0-5 year olds admitted to care during 2021/22 decreased to 81 (from 83 in 2020/21). The number of 6-12 year olds admitted to care during 2020/21 increased from 49 in 2020/21 to 71 in 2021/22. The number of children aged 13+ admitted to care in 2021/22 was 94 compared to in the previous year.

6.5 At year end there was an increase in the number of our LAC leaving care, from 87 in 2020/21 to 134 in 2021/22.

6.6 East Sussex County Council (ESCC) cared for 104 Unaccompanied Asylum Seeking Children aged under 18 compared to 70 in the previous year. These young people were mainly male and over 16. In the last year, 25 young people have come into our care via the National Transfer Scheme and the remainder have been spontaneous arrivals found either by the Police within East Sussex or at Newhaven Port.

6.7 The Cabinet has welcomed the report and thanked all those involved in the provision of services for LAC.

## **7. The Conservators of Ashdown Forest 2022/23 forecast out turn position, medium term financial plan and vision and management strategy**

7.1 Cabinet considered a report which set out the outturn financial position of the Conservators of the Ashdown Forest (COAF) for 2022/23 against the approved budget agreed by the Board of Conservators at their meeting on 29 November 2021 and presented to Cabinet in January 2022 (Appendix 17). It also showed the COAF Medium Term Financial Plan (MTFP) and the Ashdown Forest Vision and Management Strategy.

## CABINET

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7.2 The 2022/23 budget set out a deficit budget of £13,223, being a deficit on the Core Budget of £122,980, partially offset by a surplus on the Countryside Stewardship (CS) budget of £109,757. At the end of September there is a forecast deficit of £125,168 in the Core budget, is being presented against a deficit of £122,980; a small increase in planned deficit.

7.3 The Core budget is projecting lower income from licences, permits and rates, together with income from car parking due to the delayed implementation of the charging scheme, which came into effect on 21 November 2022. Although there is an increase recharge income from the amount of Core staff time recharged to CS projects.

7.4 Expenditure is higher than budgeted due to the additional cost arising from the staff pay award, which has been agreed at £1,925 per person which is a much higher rate than the 1.75% included in the budget. Administrative overheads have increased mainly due to the cost of car parking where a proportion of the income is retained by the parking contractor in return for the capital cost of providing the machinery. Expenditure from ringfenced funding includes the cost of a Test and Trial project which is offset by additional income.

7.5 The current Countryside Stewardship (CS) budget is forecast to overspend by £78,060 this year due to planned additional works and will be funded from the CS reserve.

7.6 East Sussex County Council is required to meet the shortfall on the Core budget which is forecast to be £125,168. The actual contribution will be known once the 2022/23 statement of accounts have been prepared.

7.7 The COAF MTFP is shown at Appendix 18. The MTFP reflects the positive impact of the Ashdown Forest Vision and Management Strategy (Appendix 19) and forecasts a Core budget surplus at the end of 2023/24 largely attributable from the income from car parking. In support of the MTFP the narrative at paragraph 2.7 has been provided by James Adler the Chief Executive Officer of the Conservators of Ashdown Forest.

7.8 The Cabinet agreed to resolve to note the quarter 2 budget position for the Conservators' 2022/23 Core Budget and the potential requirement for ESCC to contribute towards the Core Budget deficit (currently forecast to be £125,167), note the Conservators of Ashdown Forest medium term financial plan, and note the Ashdown Forest Vision and Management Strategy Document.

24 January 2023

KEITH GLAZIER  
(Chair)