
REPORT OF THE CABINET

The Cabinet met on 27 June 2023. Attendees: -

Councillor Glazier (Chair)

Councillors Bennett, Bowdler, Claire Dowling, Maynard, and Standley.

1. Council Monitoring Q4 2022/23 Year End

1.1 The Cabinet has considered a report on the Council's position and year-end projections for the Council Plan targets, Revenue Budget, Capital Programme, and Savings Plan, together with Risks at the end of March 2023.

1.2 Broad progress against the Council's four strategic priority outcomes is summarised in paragraph 1.11 and an overview of finance and performance data is provided in the Corporate Summary at Appendix 1. Strategic risks are reported at Appendix 7.

1.3 The Council has faced a number of external challenges over the past year. The increase in rates of inflation have affected our residents, local businesses and our supply chain. We have also continued to see increased demand for support as part of the longer-term impact of the Covid-19 pandemic. The Departmental Appendices (2-6) provide examples of how we have responded to these challenges.

Overview of Council Plan outturns 2022/23

1.4 35 (65%) of the 54 Council Plan targets were achieved and 15 (28%) were not achieved. 4 (7%) are carried over for reporting in quarter 1 2023/24. The carry overs are measures, where action has been completed, but the year-end outturn data is not yet available to report against the target.

1.5 Of the 54 targets, the outturns for 10 (18%) are not comparable with the outturns from 2021/22. Of the remaining 44 measures which can be compared, 25 (46%) improved or were at the maximum (i.e. the most that can be achieved); 3 (6%) remained the same; 13 (24%) had a lower outturn; and 3 (6%) are carried over for reporting in quarter 1 2023/24. Although 13 measures are showing a lower outturn compared with 2021/22, 7 of these met their target for 2022/23.

1.6 The Strategic Risk Register, Appendix 7, was reviewed and updated to reflect the Council's risk profile. The 'Placements for Children and Young People in our Care' risk has been escalated to the Strategic Risk Register. The risk was previously included in the Children's Services Departmental Risk Register. Risk 4 (Health), Risk 5 (Reconciling Policy, Performance and Resources), Risk 6 (Local Economic Growth), Risk 9 (Workforce), and Risk 15 (Climate) have updated risk controls. Risk 17 (Safeguarding of Children and Young People) covered the risks of failing to recruit and retain an effective children's social care workforce. It has been removed as a standalone strategic risk and incorporated into the existing Workforce strategic risk.

Budget Outturn

1.7 The details of revenue over and underspends in each department are set out in the relevant appendices, and show a total overspend of £10.7m (£10.8m at quarter 3). The main headlines are:

- The outturn in Children's Services (CSD) is an overspend of £11.5m, a decrease of £0.1m since quarter 3.

CABINET

The outturn comprises an overspend against the budget relating to Early Help and Social Care of £10.328m and a further overspend of £2.422m in Communication, Planning and Performance, mainly within Home to School Transport. This is offset by an underspend of £1.217m in Central Resources, where the department records any efficiencies and staff vacancies from across a number of areas in the department.

The department is continuing to look for further mitigations, with senior managers leading in taking every opportunity to save costs where possible. However, containing costs in Children's Services continues to be a significant challenge across the country, against the background of increased demand and complexity of needs emerging from the pandemic and acute supply side shortages in both care and education provision.

The department has continued looking at any longer-term impact from the 2022/23 outturn on the Medium Term Financial Plan (MTFP). The MTFP includes significant investments totalling some £8.9m for Home to School Transport, Looked After Children, Locality social work, new school attendance duties and support for care leavers from 2023/24.

- The Adult Social Care (ASC) outturn is an overspend of £0.1m (£0.2m at quarter 3). This comprises an overspend of £1.7m in the Independent Sector, offset by an underspend of £1.6m in Directly Provided Services, the latter due mainly to staffing vacancies.
- The outturn in Communities, Economy & Transport (CET) is an underspend of £0.7m (no change from quarter 3). The main underspend arising primarily within Waste Services, due to increased income from recycling, electricity sales, and reduced disposal costs. As agreed, £2.4m of this windfall Waste income has been transferred to the Waste Reserve to cover future budget pressures, and a further £1.4m will be used to cover the cost of the Record Service move from Ropemaker Park. There is a net overspend of £0.6m on the Highways budget due to streetlighting electricity, the cost of correcting safety defects, additional gritting and drainage works, and additional tree work due to Ash Die Back.
- The Business Services (BSD) outturn is an underspend of £0.2m (£0.3m at quarter 3). This resulted from minor underspends across services due mainly to vacancies.

1.8 Within Treasury Management (TM), Corporate Funding and other centrally held budgets (CHB) there is an underspend of £8.9m including the general contingency (£11.0m at quarter 3):

- Corporate Funding budgets have overspent by £0.7m, because of a £0.6m error by Rother District Council in their precept returns to the Council at budget setting, and a £0.7m reduction in the income from Business Rate Pooling arrangements compared with the district and borough forecasting used for budget setting. This is offset by a £0.6m grant from government for the Council's share of an accumulated surplus in the national business rates levy account that was announced as part of the final local government settlement.
- Within CHB an accounting adjustment of £1.0m is required to reflect the potential risk that increasing outstanding debt levels will not be settled. This is a book entry required by accounting standards, based on a prudent judgement of future risk. This has resulted in a reduction in the underspend. The General Contingency of £4.3m will be required in full to offset part of the Service and Corporate Funding overspend.
- There is a £6.2m underspend on TM as a 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. This underspend has reduced by £0.5m since quarter 3 because interest accrued on S106 contributions was higher than forecast due to increased interest rates. The entire £6.2m will be required to offset part of the Service and Corporate Funding overspend.

CABINET

- The remaining £1.763m of the Service and Corporate Funding comprises an operational overspend of £0.748m, compared with £0.743m at quarter 3, and the £1.015m accounting adjustment for increased levels of debt.

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

COVID-19 Grants 2022/23 (£m)	Carried forward	Use in-year (including payback*)	Specific set-aside for LAC in future yrs	Estimated balance remaining
COVID-19 General Funding	14.1	(5.0)	(3.1)	6.0
COVID-19 Specific Funding	9.0	(4.7)	-	4.3
Total funding	23.1	(9.7)	(3.1)	10.3

*To date the Council has repaid £2.1m of unused grant

1.10 Capital Programme expenditure for the year totalled £75.4m against an approved budget of £84.1m, a net variation of £8.7m. Of the net variation position, £1.4m 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:

- Bexhill and Hastings Link Road – Project costs remain for post excavation archaeology, landscaping, and remaining compensation claims. There is a projected overall overspend on the scheme in the region of £2.3m, of which £1.0m has materialised during 2022/23.
- Westfield Lane – Underspend of £0.6m due to budget provisionally held for potential land charge not being required.
- Emergency Active Travel Fund – Underspend of £0.6m where the grant was larger than expected and a number of schemes bid for turned out to not be feasible.
- Managing Back Office System (MBOS) Programme – slippage of £1.8m which reflects delays in build and testing.
- IT&D Digital Strategy – Slippage of £0.7m largely due to staff resource limitations. None of the delayed projects or programmes affects the Council's existing systems or security but may delay new capabilities being introduced.
- Bus Service Improvement Programme – Slippage of £0.7m as awaiting outcome of consultant's reports before commencement of bus priority infrastructure work.
- Visibly Better Roads – Slippage of £0.5m due to the need to redirect footway gangs to repair potholes.
- Other Integrated Transport Schemes – slippage of £0.7m due to delays on a number of Integrated Transport schemes including the Casualty Reduction Programme, Battle Hill, Dropped Kerbs and Uckfield Bus Station.
- Climate Emergency Works – £1.2m profiled to 2023/24 to cover retention payments not yet due and underspends now being allocated to other 2023/24 projects.
- Hastings Bexhill Movement and Access Programme (LEP funded project) – slippage of £1.2m mainly due to elements of the project being delayed until commencement of new highways contract.

There are several other schemes that have smaller variances.

Progress against Council Priorities

Driving sustainable economic growth

1.11 The Council has spent £299m with 898 local suppliers over the past 12 months, 66% of our total spend, exceeding our target of 60%. We continued throughout the year to work with suppliers to maximise the social value delivered by our contracts. Our target for the year was to secure commitments for economic, social and environmental benefits that were of equivalent value of at least 10% of our spend with suppliers. At the end of 2022/23 we had managed to secure commitments that were equal to 57% of our spend with suppliers (Appendix 3).

1.12 As part of our work on supporting our local economy we helped create or safeguard the equivalent of nearly 200 full-time jobs last year. In addition our Trading Standards team provided advice or training to 379 businesses and individuals. We also continued to work with partners to develop ways to attract visitors to the county as well as supporting our local cultural sector to attract funding (Appendix 5).

1.13 The road condition outturns (where a lower figure indicates better road condition), have been published, these figures are only available at one point each year and are based on specialist laser surveys undertaken in Summer 2022. Both the percentage of Principal roads requiring maintenance and the percentage of Non-Principal roads requiring maintenance were slightly above target but in line with the outturn from 2021/22 (5% and 6% compared to targets of 4%). The percentage of Unclassified roads requiring maintenance was 13%, below the target of 14%, and the same outturn as 2021/22. These targets were set as part of a ten-year programme of investment to improve the condition of roads in East Sussex. The winter saw challenging weather for the condition of the roads, with two periods of very wet and cold weather in November/December 2022 and March 2023. By the end of January 2023, we had more than doubled the number of pothole repair gangs from 10 to 23 and extended working hours. Overall, 93.7% of the repairs to potholes were completed within the required timescales in 2022/23. 30,000 potholes were repaired, with 21,600 of these potholes in the road. This is a significant increase on the 24,000 potholes completed in 2021/22. (Appendix 5). At the same meeting that received the Council Monitoring report, a report updating Cabinet on [the condition of the highways](#) was also considered. Cabinet agreed that investment in highways maintenance in 2023/24 be increased by £15.7m. £5m of this additional investment was agreed subject to the County Council agreeing to increase the Capital Programme to provide early improvements and resilience. Such additional provision will be funded by borrowing which will have a revenue implication of £375k per annum.

1.14 A number of highway improvements were completed in 2022/23 using the one-off investment funding agreed by Cabinet in November 2021. Using the extra investment, we have completed an extra 1,117 patch repairs over 735 sites. We have also completed 367 small patch repairs to footways. We installed 1,193 new signs, costing £0.5m, to replace worn out signs. We also completed £0.2m worth of refreshed road marking works (Appendix 5).

1.15 A new highways contract was awarded to Balfour Beatty Living Places in October 2022. The new contract is worth £297m and started in 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 5).

1.16 The Government confirmed in quarter 2 that the Council would receive £41m towards our Bus Service Improvement Plan (BSIP). This allocation was the third highest for shire/rural authorities, and the highest per capita amongst these authorities. The Enhanced Partnership Plan and Schemes were agreed in quarter 3, and the first tranche of funding has now been received from the Department for Transport. The new Bus Team are analysing the tenders

CABINET

from bus operators for the enhanced bus services, with the additional services expected to start running in quarter 1 2023/24 (Appendix 5).

1.17 The proportion of young people participating in education, training or employment with training improved in quarter 4, achieving the targets set for the year. The percentage of Looked After Children participating in education, training or employment with training at academic age 17 remained slightly below target, Virtual School, Through Care Team and Youth Employability Service are continuing to provide support to those not participating in education to re-engage (Appendix 4).

1.18 We exceeded our targets for adult education this year. We had 1,166 enrolments across our Family Learning programmes, over twice as many as our target of 500. The refurbishment of our library buildings continued in 2022/23, with works completed at Rye and Newhaven libraries.

Keeping vulnerable people safe

1.19 The increase in demand for Children's Social Care continued throughout 2022/23. There was an 37% increase in the number of referrals to the Single Point of Advice compared with 2020/21. We continue to ensure that there is pace and purpose in our work with Children in Need and that plans are ended where it is safe to do so. The number of open Children in Need (CIN) cases fell from a high of 980 at the end of quarter 2, to 897 by the end of quarter 4. The rate of children with a Child Protection Plan was 64.8 per 10,000 children (691 children) at the end of quarter 4, above the target of 50.3 (536 children). There continues to be robust management oversight of plans, with additional scrutiny of plans being provided by mid-way reviews by the Children Protection Advisor (Appendix 4).

1.20 The rate of LAC at quarter 4 was 62.3 per 10,000 children (664 children). Of the 664 children, 73 are Unaccompanied Asylum Seeker Children (UASC), and this cohort represented 25% of our new entrants to care in 2022/23. A change in the National Transfer Scheme for UASC means that the authority is now required to look after up to 106 UASC. We are also experiencing an increase in asylum seeking young people, placed in adult hotels in the area requiring age assessment and placements. There are also still delays in the court system which is continuing to impact on how quickly we are able to secure Special Guardianship Orders and adoptions (Appendix 4).

1.21 The percentage of Health and Social Care Connect referrals that were triaged and progressed to required services within 24 hours was 87.3% at year end, below the target of 95.0%. Performance was affected by a combination of an increase in referrals and workforce challenges. A number of vacant posts have now been recruited to and sickness absence has reduced. The percentage of Health and Social Care Connect contacts that were appropriate and effective remained above target (Appendix 2).

1.22 Trading Standards made 530 positive interventions to protect vulnerable people in 2022/23, 418 of which were support sessions and training and 112 were direct interventions. Trading Standards also obtained Proceeds of Crime Act (POCA) confiscation orders against convicted individuals totalling nearly £100,000. The POCA ensures that criminals do not profit from their crimes. Trading Standards also received civil compensation of over £160,000 in quarter 4, which is being distributed to nine victims of fraud (Appendix 5).

Helping people help themselves

1.23 The winter period and final quarter of 2022/23 was one of extreme pressure across the country for NHS and care services. Locally our staff worked hard to rapidly use our share of the extra national £500m Social Care Discharge Fund to best effect, helping patients be discharged from hospital and into onward care as fast as possible. This, and other winter rapid improvement work meant that the Council was part of a successful Sussex Integrated Care System bid to be one of six national 'Discharge Frontrunners'. This will trial innovative long-term solutions in 2023/24, to free up hospital beds and make sure patients get the right care at

CABINET

the right time, which could be rolled out more widely across the NHS and care system if successful (Appendix 2).

1.24 The take up of NHS Health Checks by eligible residents living in the top 20% most deprived areas in the county continues to be below target. The Hastings and St Leonards Primary Care Network started delivering health checks in February and are specifically targeting those living in the most deprived areas (Appendix 2).

1.25 We continued to provide support to Ukrainian guests living in East Sussex as part of the Homes for Ukraine scheme and their hosts. Over 400 school places have been allocated to Ukrainian children. We have also provided support with accommodation to over 100 families (Appendix 2).

1.26 We completed four infrastructure schemes to improve road safety in quarter 4. Two of these schemes were in Eastbourne, one in Bodiam and one in Hastings. In total during 2022/23, the highways contractor completed 17 road safety schemes. Several other schemes have been designed, however it was not possible to schedule these within the final works programme before the end of the existing highways contract. These schemes will be carried over for the new highways contractor to implement. As part of our wider work on road safety we delivered 555 'Bikeability' courses to 4,354 individuals at participating schools and the Cycle Centre at Eastbourne Sports Park in 2022/23. We also delivered 252 'Wheels for All' sessions to 3,649 attendees at the Sports Park (Appendix 5).

Making best use of resources now and for the future

1.27 We developed a range of initiatives to help address our significant recruitment and retention challenges as a result of the current labour market conditions and cost of living pressures during 2022/23, most notably the development and launch of our new employer recruitment brand and campaign: 'We Choose East Sussex'. This has resulted in increases in people visiting our online jobs pages and in the proportion of Council vacancies filled. As well as attracting external candidates to the Council, in line with our commitment to supporting and developing our existing managers, two new leadership development initiatives were launched: the 'Ladder to Leadership' programme and Heads of Service masterclass programme (Appendix 3).

1.28 We set a more challenging target for sickness absence for 2022/23 compared to previous years. This target of 9.10 days lost per full-time equivalent employee has not been met, mainly due to an increase in COVID-19 related absences at the beginning of the year. We have seen an increase in mental health absences, a trend also seen in other local authorities. We have developed a range of initiatives to support staff in response (Appendix 3).

1.29 We experienced a number of challenges in our delivery of energy efficiency projects during 2022/23, including delays within supply chains. We completed 21 projects against a target of 22. The data on carbon emissions from Council buildings for 2022/23 will be available in quarter 1 of 2023/24 as carbon data is reported a quarter in arrears. However, data from quarter 3 forecasts a 33% reduction in carbon emissions for year end against the baseline year of 2019/20. This is very close to the target of a 34% reduction from the baseline year and represents an improvement on the previous quarter (Appendix 3).

1.30 The Council has continued to work with a range of partners to develop and deliver carbon reduction and climate change adaptation work in 2022/23. We have assisted 149 Small and Medium Enterprises (SMEs) to measure their carbon footprint and awarded energy grants, totalling £250,000, to 49 SMEs to implement carbon reduction measures. We also delivered carbon literacy training to 259 staff and Members and have shared an e-learning climate change module with district and borough councils (Appendix 5).

1.31 Throughout 2022/23 corporate lobbying work has focussed on using our partnerships and networks at the local, regional, and national level to influence policy development in a range of areas, including adult social care charging reforms, the future of children's social care and local authority funding. In quarter 4, we also supported councils across the south east

region to escalate questions and concerns regarding migration and contributed to the development of the new Office for Local Government (Appendix 6).

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

✧ agree, for the reasons set out in the Cabinet report referenced in para 1.13 above, to £5m additional provision being made to the Capital Programme in relation to Highways Maintenance for 2023/24.

2. Reconciling Policy, Performance and Resources (RPPR) - State of the County

2.1 The State of the County report is a key part of the Council's Reconciling Policy, Performance and Resources (RPPR) process, our integrated business and financial planning cycle. The report sets out an overview of the current context in preparation for more detailed planning for 2024/25 and beyond. In conjunction with our 2022/23 year end monitoring report, it reflects on our achievements over the last year, the challenges in the year ahead arising from both local and national factors and, in light of this, begins to refine our plans to guide our business planning and budget setting processes.

2.2 This report contains the normal elements included in the State of the County report: the demographic evidence base; the national and local policy outlook; and updates on the Medium Term Financial Plan and Capital Programme. It provides our latest understanding of how we will need to continue to respond to the wide range of policy, demographic and financial drivers which influence the outlook for the Council in the short and longer term.

2.3 Uncertainty continues to define the context within which we are working. The challenging national economic environment, including the increased cost of living, continues to affect our residents, and to generate ongoing cost and resource pressures on the Council itself. The financial outlook for the Council remains unclear, with a further one year financial settlement anticipated for 2024/25 and any significant national reforms to local government funding unlikely before the next general election, which is expected in 2024. Many of our major, demand-led, services are subject to significant national reforms, with associated service and financial risks, and there is a continuing pressing need to work towards addressing the impacts of climate change.

2.4 Within this uncertain national environment, we continue to experience increased demand for services locally, arising from demographic changes, increased need and the longer term impacts of Covid. There are also challenges securing the skilled workforce we need to respond to the pressures we face and to develop our services for the future. Taken together, these national and local factors make future service and financial planning very challenging. In this context, we will need to continue to take action proactively to prepare for the time ahead, to maximise our resilience as an organisation and to best manage growing demand for our services.

2.5 It therefore remains essential that we focus our resources, in partnership with others, in the most effective way to support our priorities and core service provision. The Council spends over £1bn gross each year (in the region of £500m net) on services for the county's residents and businesses. RPPR is the process through which we ensure our financial and other resources are aligned to delivery of our priority outcomes and that we are informed by a clear understanding of our effectiveness. This approach, additional short-term Government support, and many years of careful financial management have enabled us to maintain a secure financial position in recent years, providing service stability during a difficult time for the county. However, the financial outlook in the medium term remains very challenging, with a number of key risks which cannot yet be fully defined, creating an imperative to use the

CABINET

current window of opportunity to equip the council as best we can to meet the challenges ahead.

2.6 As well as our continued work locally on strategies to manage demand and maximise efficiency, the report sets out the ongoing need for proactive lobbying and communications to help ensure that the Government is aware of the needs of our county and the ongoing and urgent need for a sustainable funding regime that appropriately reflects local need. In particular we will highlight the need for service reforms, particularly those in children's services and adult social care, to be fully and sustainably funded if we are to maintain core services in the future in light of growing demand and stretched resources.

Current Position

2.7 The key role the County Council plays for the residents, communities and businesses of East Sussex continued to be evident over the past year as the county was impacted by a range of national and international factors. The need for our support has been intensified by the pressures on the cost of living, which disproportionately impact on the most vulnerable, and we have continued to work with partners and communities across the county to support those seeking refuge from the ongoing conflict in Ukraine, and on the wider response to migration. Through our services, employment, purchasing and how we work in partnership with others the Council makes a significant contribution to quality of life for people across our county. Our assessments of the ongoing levels of need arising from recent developments continue to be refined and will influence our plans as we better understand the longer-term implications.

2.8 In developing our medium and longer term plans we will need to have regard to the broader context in which we will be working. The national policy environment continues to develop rapidly, with significant reforms brought forward by Government across a wide range of services. The national and local context includes:

- The challenging and uncertain national economic situation, current high levels of inflation and the increased cost of living, particularly high energy, fuel and food prices. This environment is likely to continue to impact on the demand for our services as well as directly on the costs of providing services.
- The Government's economic and policy agenda, in particular the priorities outlined by the Prime Minister on the NHS, migration, economic growth and stabilising the economy, as well as the ongoing Levelling Up agenda and changes to arrangements for driving economic growth locally.
- Specific uncertainty over the future of local government funding. A planned funding review, covering the formula on which funding allocations to individual local authorities are based, now appears to be deferred beyond the next general election, and a further one year financial settlement is expected for 2024/25. In addition, major national reforms to Adult Social Care (ASC) and Children's Services (see below) carry considerable financial risks for local authorities.
- Challenges in the labour market, including the impact of significant workforce shortages in key sectors on our ability to recruit and retain staff, ongoing pay negotiations and the potential for industrial action, coupled with the need for our workforce to adapt to service reforms. Alongside this, rapidly developing advances in technology present potential new opportunities to support capacity and efficiency.
- The impact of Government reviews and reforms of public services – whilst major reforms to ASC charging (reported at State of the County 2022) have been postponed until 2025, other national reforms are being progressed, particularly in Children's Services. We are also continuing to respond to a range of significant national and local

CABINET

developments and pressures in health and social care and taking forward a range of work to manage demand and improve outcomes.

- The growing impact of climate change, the national and local commitments to achieve carbon neutrality, the need to adapt to the impacts of climate change, and the introduction of a range of new measures through the Environment Act including new duties in relation to food waste.
- Significant national policy developments related to planning, infrastructure, and transport and, locally, the mobilisation of our new highways contract and additional investment in highways, and taking forward our Bus Services Improvement Plan and refresh of our Local Transport Plan.
- The increasing need to respond to migration in light of global conflicts, increased numbers of people seeking asylum, including unaccompanied children, and new Government policy on immigration.
- Further development of positive work with our public and Voluntary, Community and Social Enterprise Sector (VCSE) partners on financial inclusion and building community wellbeing and resilience, in response to the increased need in our communities and as part of our ongoing work to help people help themselves.
- The evolving nature and importance of our partnerships in harnessing the collective resources and assets available within the county for the benefit of our communities.

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

2.4 Our relatively stable financial position for 2023/24 presents an opportunity to intensify our ongoing work to maximise organisational resilience, make best use of our resources, and to equip our services for future demands, given the significant challenges ahead. As part of this we will seek out further opportunities to benefit from advances in new technology, building on work already undertaken to introduce new digital and artificial intelligence approaches and systems which benefit both service delivery and capacity. For example, our 'digital by default' approach in Adult Social Care and the development of our universal digital offer in Children's Services. We will continue to assess our future workforce requirements and orient our recruitment, retention and organisational development strategies towards ensuring we have the diverse and skilled staff we will need. Work to rationalise and adapt our office estate in line with post-Covid needs will run alongside this. Our long-standing focus on demand management and preventative approaches will continue, supporting people and communities to be independent wherever possible, including through the introduction of Family Safeguarding, the further integration of community health and care services, and the development of community networks to bolster and link up existing local support. Proposed additional investment in the resilience of the roads which support the local economy and our communities is set out elsewhere on this agenda.

2.5 As part of our RPPR planning we will systematically consider any further actions which may reduce the need for support in the future or improve our ability to respond to new challenges. As always, our approach will be evidence-based, draw on best practice and use data and benchmarking to identify where we can improve and to ensure value for money.

2.6 This ongoing discipline will ensure the council is as resilient as possible for the future. However, fundamentally there remains a significant gap between the income we currently expect to receive in the coming years and the costs of providing core services, with significant additional risk arising from service reforms. Without further Government support or sustainable

CABINET

reform of local government finances we will not have the funding we need for the future. Further detail on the financial outlook is provided at paragraph 2.14.

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

- We are effective stewards of public money and deliver good value for money through strong integrated business planning;
- Our activities are transparent and we can be held to account;
- We operate as One Council and focus on agreed priority outcomes;
- We prioritise the investment available for front line service delivery and maximise the resources available, including work to secure sustainable national funding and partnerships with other organisations;
- We carry out all we do professionally and competently;
- We remain ambitious, optimistic and realistic about what can be achieved; and
- We strive to be a good employer and partner.

Demographic and Demand Changes and Financial Background

2.8 Appendix 8 sets out the key factors affecting the county in relation to demography, housing, deprivation, health, the environment and economy, and the impact these are having on demand for our services. Some challenges are shared by many of our residents, whilst some areas and communities are more impacted than others by particular issues. The main issues driving demand are:

- **Older People** - East Sussex remains ahead of the national ageing population trend. Proportionately we have high numbers of over 65s and over 85s which has an impact on the demand for services and the Council's finances. Rother has the second highest percentage of the population aged 65 years and over in the country.
- **Children and Young People** – we continue to see higher levels of demand for children's social care and more complex cases which together have resulted in a higher number of child protection cases. The number of children and young people with Education, Health and Care Plans (EHCPs) continues to increase.
- **Asylum seekers and refugees** – there has been a recent increase in the rate of people receiving asylum support within the county, particularly in our coastal communities. Unaccompanied asylum seeking children made up a quarter of those children who began to be looked after last year. The county also has a high number of Ukrainians who continue to be supported through our Homes for Ukraine programme, many of whom are living in Wealden.
- **Economy** - employment rates have increased over the last year as the economy recovers from the pandemic. However, the challenges that existed pre-pandemic relating to productivity and average wages for those employed within the county remain. The increases in utilities costs over the last year and the continued increased cost of living is expected to continue to impact on the growth of our economy.
- **Climate change** – CO2 emissions were falling in all sectors in East Sussex except transport before the pandemic. Although we had the lowest emissions of carbon dioxide per person of all the county council areas in England, further reductions will be needed.

Council Priority Outcomes

CABINET

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

2.10 The current four priority outcomes are:

- Driving sustainable economic growth;
- Keeping vulnerable people safe;
- Helping people help themselves; and
- Making best use of resources now and for the future.

The priority outcome that the Council makes the “best use of resources now and for the future” is a test that is applied to all activities to ensure sustainability of our resources, both in terms of money and environmental assets. It ensures that the future impact of the choices we make about using resources is actively considered across all that we do, as well as the here and now.

2.11 The priority outcomes, and their subsidiary delivery outcomes, were reviewed and updated during 2022/23 with some amendments made to delivery outcomes to ensure they reflected the post-Covid environment. Recognising our continually evolving operating context, some specific further amendments to delivery outcomes are now proposed to ensure the priorities we are working to deliver, and the way we measure the performance of our activities and services, remain appropriate.

2.12 The current priority and delivery outcomes are attached at Appendix 10 (section a) and the following changes are proposed to delivery outcomes:

Helping people help themselves

Two changes are proposed to reflect the increasing importance of mutual support in people's networks and communities and work the Council is undertaking with partners to facilitate this:

- The most vulnerable get the support they need to maintain their independence, **supported by their social networks**, and this is provided at or as close to home as possible
- Through working well with the voluntary, community and social enterprise sector, individuals, families and communities are supported ~~to be independent and~~ to thrive.

Making best use of resources now and for the future

One change is proposed to reflect the increasing importance of planning for future workforce needs:

Delete:

- We are an employer of choice and support our staff to achieve and develop

To be replaced with:

- **We are an employer of choice and our staff are supported to achieve and develop, ensuring we have the workforce we need to deliver services both now and in the future.**

The proposed updated delivery outcomes, including the above amendments, are also shown at Appendix 10 (section b).

2.13 Cabinet reviewed the current priority and delivery outcomes and agreed them as the basis for future business and financial planning, subject to the amendments outlined in paragraph 2.12 above.

CABINET

2.14 When the 2023/24 balanced budget was approved by Full Council on 7 February 2023, the deficit on the Medium-Term Financial Plan (MTFP) to 2025/26 was £40.672m. Updating the MTFP for normal factors (such as the latest inflation rates and an additional year), the position would have been a deficit budget position by 2026/27 of £55.499m. The MTFP position does not account for the impact of Adult Social Care reform, and if grant funding for social care, currently announced for two years, continues at the same level after 2024/25, the deficit would reduce by £28.2m:

Medium Term Financial Plan	2024/25	2025/26	2026/27
	£m	£m	£m
Annual Budget Deficit / (Surplus)	4.024	41.811	9.664
Total Budget Deficit / (Surplus)	4.024	45.835	55.499

2.15 The current economic climate has meant the rate of inflation remains at levels not seen for several decades, which has led to an unprecedented level of financial uncertainty. At a national level, the Government funding that ESCC will receive between 2024/25 – 2026/27 is yet to be confirmed. While the provisional local government settlement in December 2022 included some indicative figures for two years of funding – notably for social care – the Local Government Financial Settlement was only a one-year settlement for 2023/24. We therefore await the provisional settlement for 2024/25, which will be in the late autumn of 2023.

2.16 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. While this will enable us to maintain a degree of financial stability for 2023/24, 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.

2.17 In 2022/23 Children's Services overspent against budget by £11.477m, with the largest pressures seen in Early Help and Social Care and Home to School Transport. Containing costs in Children's Services continues to be a significant challenge across the country, against the background of increased demand and complexity of needs emerging from the pandemic and acute supply side shortages. The department has developed a sustainability plan to improve outcomes for children, while reducing costs to the council. The MTFP contains significant increased investment in support of this plan, while the Senior Leadership Team continues to explore further mitigations and opportunities to save costs where possible.

2.18 The delay to the Fairer Funding Review has meant greater uncertainty about the shape of any long-term sustainable settlement for local authorities.

2.19 With all this uncertainty, it is not possible to present a draft MTFP to 2026/27. It is planned to work through the details required over the summer as more information becomes available and factor in the budget requirements for services. After this work, modelling will provide a set of balanced budget scenarios considering the local and national position that presents itself.

Capital Programme

2.20 The approved programme has now been updated to reflect the 2022/23 outturn and other approved variations, revising the gross programme down to £651.6m to 2032/33. The details are set out in Appendix 11, together with the revised programme.

2.21 The 10 year capital programme to 2032/33 and 20 year Capital Strategy 2023/24 to 2043/44 will be updated as part of the RPPR process over the autumn to add a year and to include consideration of the impact and management of inflation and supply chain issues, alongside any updates relating to Government funding and the risk metrics being developed as well as the procurement of the highways contract and other investment basic need.

Lobbying and Communications

2.22 Our strong local foundation of efficient and effective service delivery and careful financial management, coupled with additional short-term Government funding, has enabled us to provide another year of relative stability. We will continue to use this opportunity to develop our resilience and preparedness for challenges ahead and to ensure we are taking all possible steps to mitigate the increases in demand we expect to see in future years.

2.23 However, the medium term outlook remains highly challenging. We face a significant financial gap, the undefined impact of national reforms in major service areas and a lack of clarity on long-term funding arrangements. There are significant risks and uncertainties arising particularly from social care and SEND reforms, which makes planning for the future difficult. In the context of this ongoing uncertainty in our position, coupled with wider challenges in the economy and their impacts on our residents, our lobbying will continue to call for certainty of future funding for local government, and funding that is appropriately reflective of local need and that fully reflects the impact of reforms. This will be paramount to ensuring we secure adequate resource to deliver what will be required to support East Sussex residents, communities and businesses with the core services they need, including opportunities to continue positive preventative work that could most effectively manage future demand for services.

2.24 We will continue to work with local MPs and local, regional and national partners to make this case.

Next Steps

2.25 Work will continue over the summer to refine our understanding of the medium term impacts on our services of national reforms, the evolving economic context, changing demand for services and the financial resources that will be available to us in the coming years. We will also consider any further steps we can take to support our future capacity. We will use our RPPR process to plan for the future as best we can in the context of a likely one year financial settlement once again.

2.26 We will report back to Members in the autumn with an updated assessment of our service demand and funding expectations to inform more detailed business and budget planning for 2024/25 and beyond.

2.27 Members will continue to be consulted on plans as they are developed through Cabinet, County Council, Scrutiny Committees, Whole Council Forums and specific engagement sessions throughout the 2023/24 Reconciling Policy, Performance and Resources process.

27 June 2023

KEITH GLAZIER
(Chair)