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# REPORT OF THE CABINET

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The Cabinet met on 25 June 2024. Attendees: -

Councillor Glazier (Chair)

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

## 1. Council Monitoring Q4 2023/24

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 2024.

1.2 Broad progress against the Council's four strategic priority outcomes is summarised from 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 8.

Overview of Council Plan 2023/24 outturns and strategic risks

1.3 We set challenging targets each year that reflect our aim to deliver the best services we can for our local residents and businesses with the limited resources we have available. While there have been a number of successes for our services over the past year, there are also areas that have experienced challenges. The Departmental Appendices (3-7) provide details of both our achievements and how we are working to improve where targets have not been met.

1.4 Overall 37 (64%) of the 58 Council Plan targets were achieved and 14 (24%) were not achieved. 7 (12%) do not have results available yet and are carried over for reporting in quarter 1 2024/25. 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 58 targets, the outturns for 14 (24%) are not comparable with the outturns from 2022/23. Of the remaining 44 measures which can be compared, 23 (40%) improved or were at the maximum (i.e., the most that can be achieved); 14 (24%) had a lower outturn; and 7 (12%) do not have results available yet and are carried over for reporting in quarter 1 2024/25. Although 14 measures are showing a lower outturn compared with 2022/23, 10 of these met their target for 2023/24.

1.6 The Strategic Risk Register, Appendix 8, was reviewed and updated to reflect the Council's risk profile. Risk 12 (Cyber Attack) has updated risk definition and risk control. Risk 1 (Roads), Risk 4 (Health), Risk 6 (Local Economic Growth), Risk 9 (Workforce) and Risk 15 (Climate) have updated risk controls.

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 £30.1m. This is an increase of £1.0m from quarter 3. The main headlines are:

- Children's Services (CSD) is overspent by £30.4m (£28.5m at quarter 3).

The main area of overspend is in Early Help and Social Care (EH&SC) of £29.8m, an increase from quarter 3 of £1.9m. The main pressures are within Looked After Children, with lost income due to delays in Lansdowne opening and cost pressures for Agency Residential placements, continuing the trend demonstrated this year of a small number of children placing high pressure on the budget. The service has worked with IMPOWER to support longer term placement sufficiency and identify opportunities for delivering improved care placement options for children and young people through the 'Valuing Care'

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approach. The aim of this work is also to identify cost reductions and efficiencies within the service.

There is also an increased overspend of £1.2m within the Home to Schools Transport service. There has been an increase in pupil numbers qualifying for transport and contract costs have also increased for the new academic year cohort, where they couldn't be added to existing routes. The CSD Team will be working closely with the Communities, Economy and Transport service to explore all possible mitigations to reduce costs.

The CSD overspend will be funded Corporately for 2023/24 as follows:

Mitigation of CSD Overspend	£m
Forecast overspend	(30.1)
Mitigated by:	
Treasury Management underspend	8.2
Underspend on Capital Programme	1.8
Part of underspend on Pensions	0.3
General Contingency	4.9
Use of provision for budgetary risks	3.5
Business Rates Levy surplus	0.9
Agreed use of COMF	1.3
Covid-19 General Funding (balance held Corporately)	5.7
Council Tax Collection Fund Surplus	2.0
Use of Financial Management Reserve	1.5
Subtotal Mitigation	30.1

- The outturn for Adult Social Care is an overspend of £2.0m (decrease of £0.001m since quarter 3). It comprises an overspend of £2.9m in the Independent Sector due to a number of factors including increasing complexity of need, plus pressures arising from demand and demographic growth returning to pre-pandemic levels of modelling. This is offset by an underspend of £0.9m in Directly Provided Services, mainly being due to staffing vacancies which reflects difficulties in recruitment.
- Communities, Economy and Transport has underspent by £1.7m (£1.3m at quarter 3). The largest underspend is £2.0m in Transport and Operations where current market prices mean that electricity and recycling income is exceeding expectations in the Waste Service. The underspend of £0.4m in Communities is mostly due to staff vacancies in Trading Standards and Road Safety with additional income from Emergency Planning training. Customer and Libraries have underspent by £0.3m due to staff costs and additional income in libraries, and slippage in maintenance at the Keep.

These are netted against an overspend of £0.6m in Highways due to the estimated increased cost of electricity for streetlighting; an overspend of £0.3m in Transport Development Control within Planning and Environment due to an increase in speculative planning applications for residential developments, which often have challenging transport issues that need addressing; and a £0.1m overspend in Economy which is mostly due the cost of consultants engaged to help transition SELEP funded projects back into Council control.

- Business Services has an underspend of £0.4m (£0.07m at quarter 2), mainly due to: higher staff recharges to Orbis, higher than expected Ukraine funding plus lower consultancy and Audit fees within Finance & Business Administration: higher recharges for project managers and higher than anticipated licence recharges within IT & Digital.
- Governance Services has a final underspend of £0.163m (£0.05m overspend at quarter 3). The forecast overspend on Coroners (due to costs of mortuary provision, court hire, body

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removal, toxicology and staffing, as well as accumulative demands on the service) decreased due to a reduction on demand compared to that anticipated. The overspend in Corporate Support is due to the cost of covering maternity leave in Legal Services, partially offset with staff vacancies elsewhere.

1.8 Within Treasury Management (TM), Centrally Held Budgets (CHB) and corporate funding there is an underspend of £18.6m including the general contingency (£18.5m at quarter 3):

- In CHB there is an underspend of £0.6m for Pensions because of the actuarial revaluation. This is offset by an accounting adjustment of £0.6m to reflect the potential risk that increasing outstanding debt levels will not be settled. The General Contingency of £4.9m will be required in full to offset service overspend.
- There is an £8.2m underspend on TM, based on a continued improvement in the current forecasts for our market investment returns and increased cash balances. The anticipated average investment return for the year has increased to 5.39% from the 4.45% assumed when the budget was set, based on the latest forecasts from our external treasury management advisors. In addition, slippage on the Capital Programme and an increase in our cash balances has reduced the need to borrow externally in 2023/24.
- The Chartered Institute of Public Finance and Accountancy published the revised Treasury and Prudential codes in 2021. These require quarterly reporting of performance against forward looking prudential indicators. The performance of the Council's treasury management activity against benchmarks and the key indicators in the Council's Treasury Management Strategy, as approved by Full Council on 7 February 2023, are provided at Appendix 2.
- The aforementioned slippage on the Capital Programme has resulted in an underspend of £1.8m, where two transfers for Capital Expenditure from Revenue Account have not been utilised this financial year.
- There is a planned £3.5m use of the in-year provision made for budgetary risks to cover part of the remaining overspend on service budgets.
- The £0.9m underspend on Business Rates is mainly due to the Levy Surplus Distribution for 2023/24, announced alongside the Local Government Finance Settlement on 5 February 2024, plus movements in pool monitoring.

1.9 The Council is still experiencing residual COVID-19 related costs and income losses which are being mitigated from general and specific COVID-19 grant funding. The balance of COVID-19 General Funding will be used to meet CSD cost pressures. The following table shows the use of this funding in 2023/24:

COVID-19 Grants 2023/24 (£m)	Carried forward	Estimated use in-year (including payback*)	Balance to offset CSD overspend	Specific set-aside for LAC in future years	Estimated balance remaining
COVID-19 General Funding	9.1	(1.6)	(5.7)	(1.8)	-
COVID-19 Specific Funding	4.3	(3.9)	-	-	0.4
<b>Total funding</b>	<b>13.4</b>	<b>(5.5)</b>	<b>(5.7)</b>	<b>(1.8)</b>	<b>0.4</b>

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

1.10 Capital Programme expenditure for the year is £77.5m against a budget of £85.9m, a net variation of £8.4m. The main headlines are:

- Total slippage of £9.6m across a number of projects as the programme continues to experience extended lead-in times, and where inflation and material cost increases have resulted in the pause and reassessment of a number of projects to ensure delivery within budgets, as well as other project specific factors. The largest areas of slippage include the

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Highways Structural Maintenance programme (£2.0m), Integrated Transport Schemes (£1.1m), Youth Investment Fund project (£0.9m), Bridge Assessment and Strengthening (£0.7m), Exceat Bridge Replacement (£0.6m), IT& Digital Programme (£0.6m) and the Visibly Better Roads programme (£0.5m).

- A net overspend of £0.2m, mainly relating to the Bexhill and Hastings Link Road (£0.6m) where project costs remain for post excavation archaeology, landscaping, and compensation, which is offset to a large extent by various smaller underspends
- A number of minor spends in advance totalling £1.1m across a number of projects.

### Progress against Council Priorities

#### Driving sustainable economic growth

1.11 The Council has spent £311m with 847 local suppliers over the past 12 months. This is 64% of our total spend exceeding our target of 60%. We have continued, throughout 2023/24, to work with suppliers to maximise the social value delivered by our contracts, with benefits that were equal to 31% of the contract values being achieved, against a target of 10% (Appendix 4).

1.12 Work on our highways has taken place in 2023/24, using the additional funding approved by the Council in recognition of the deterioration of the network following the last prolonged, wet and cold winter. 564 patches across 337 sites were completed. 102 road signs have been replaced, with a further 427 signs scheduled to be replaced in 2024/25. Around 180 drainage schemes have been delivered, including replacing gully covers and clearing significant blockages. 117 road improvement schemes were completed in 2023/24 and 29,357 potholes were repaired (Appendix 6).

1.13 A number of projects have been implemented in 2023/24 using the £41.4m of funding assigned to the Council as part of the Government's Bus Service Improvement Plan. £13m of bus service improvements have begun, including the Flexibus service which covers over 90% of East Sussex. £5m is allocated for reduced fares which are scheduled to run until April 2025. Improvements to bus stop infrastructure have been made, including the installation of 2,560 QR code plates, new hard standing areas and the installation of Real Time Information signs at a number of stops (Appendix 6).

1.14 Several programmes have helped people into work or improved their skills in 2023/24. These projects included the Multiply programme, which supported 950 people to improve their numeracy skills; the Moving on Up and Support into Work schemes which helped 265 homeless and refugee residents into work; and 65 young people starting work experience placements in libraries (Appendix 6).

1.15 The average Attainment 8 score for state funded schools in East Sussex in academic year 2022/23 was 43.6. This is below our target of 46.5 and below the national average of 46.4. The average Attainment 8 score for disadvantaged pupils in East Sussex was 30.3. This is below our target of 33.3 and below the national average of 35.1. The average Attainment 8 score for Looked After Children was 18.9. This is just below our target of 19 and the national average of 19.4 (Appendix 5).

1.16 The percentage of young people who are in Not in Education, Employment or Training (NEET) at academic age 16 (year 12) is 4.4% against a target of below 4%. For academic age 17 (year 13), 6% of young people are NEET against a target of below 6%. We have been successful in a bid for Education and Skills Funding Agency funding to increase the vocational offer for young people in 2024/25 (Appendix 5).

1.17 The development of the Sussex Story has been delayed due to performance management issues needing to be addressed on the overall contract awarded to the consultants. As a result, the Council, as the lead contractor on behalf of partners, severed the contract and withheld 25% of the contract fee. A new supplier will be identified to complete the

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work in 2024/25, with the cost for the outstanding work to be met by the remaining 25% budget (Appendix 6).

### Keeping vulnerable people safe

1.18 The inspection of the Council Local Authority Children's Services by the Office for Standards in Education, Children's Services and Skills (Ofsted) Inspections took place from 11 – 15 December 2023. This was a short inspection. The inspection report was published 6 February 2024, and we were awarded an overall effectiveness grading of Good with the experiences and progress of children in care graded as Outstanding (Appendix 5).

1.19 The rate of Looked After Children has decreased from a rate of 63 (671 children) at quarter 3, to 61.5 (655 children) at the end of 2023/24, against a target of 63.4 (676 children). The decrease has resulted from a focus on reunification work with children and their birth families, and discharges from care into Special Guardianship, Adoption and Child Arrangement Orders. The rate of children with a Child Protection plan has decreased from a rate of 70.6 (753 children) at quarter 3 to 64.6 (688 children) at the end of 2023/24, however, this is above the target of 62 (661 children) (Appendix 5).

1.20 Children's Services formally launched Connected Families Intervention Practitioners in January 2024. The team are adult facing specialist practitioners, delivering support and interventions with parents/carers of children on Children in Need or Child Protection plans, who are experiencing domestic abuse, problematic mental health and/or problematic drug and alcohol use. Since their launch the practitioners have supported 177 parents and there has been a reduction in the number of Child Protection plans (Appendix 5).

1.21 The latest figures (from 2022) for deaths from drug or alcohol misuse show 77 people died in the county. Within that total there was a significant decrease in the number of people who died as a result of drug misuse compared to previous years. Every death is a tragedy, and we continue to work hard to reduce the number of deaths every year, including by working with partners to ensure people receive support as early as possible (Appendix 3).

1.22 The Government's Sustainable Warmth Scheme, which was delivered through the Council's Warm Home Check Service came to an end in October 2023. Between 2022/23 and 2023/24 over £2m of major home energy efficiency improvements were installed for fuel poor households. Over 600 warm home checks were completed during 2023/24 and the 'keep warm and well' helpline provided brief advice to over 8,000 residents (Appendix 3).

1.23 The White Ribbon charity aims to prevent violence against women and girls by addressing its root causes. The Council was reaccredited as a White Ribbon organisation in quarter 4. The Safer Communities team are scheduled to submit a three-year action plan to White Ribbon UK in quarter 2 2024/25. During quarter 4, the Safer Communities Team supported Clarion to open four self-contained units at Phoenix House for people fleeing domestic violence in East Sussex. These units have expanded the options for safe accommodation in East Sussex, especially for those where communal refuges may not be always appropriate (Appendix 3).

### Helping people help themselves

1.24 The Tribe project, an app and website that makes it easier to volunteer across the county, was launched in quarter 2. By quarter 4 there were 434 listings on the platform from 141 organisations. 323 of these listings were volunteering opportunities and 111 activities for people to take part in. In February 2024, the Council and Tribe created a promotional campaign that reached over 50,000 residents, encouraging volunteering across East Sussex (Appendix 3).

1.25 The number of people receiving Direct Payments fell from 1,520 at the end of 2022/23 to 1,457 at the end of 2023/24. The number has also decreased as a proportion of all clients, due to an increase in the number of people receiving community based long term support meaning this remains below target. Despite this, the Council's performance is still good

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compared to national benchmarks. Based on current national data, performance would fall within the upper-middle quartile (Appendix 3).

1.26 333 carers were supported through short-term crisis intervention in 2023/24, against a target of 390. The service relies on receiving referrals direct from carers or via other organisations. There is evidence that carers do not identify themselves as having a caring role, and being in need of support. Adult Social Care will look in more detail at reasons for the drop in referrals and explore solutions with the provider to increase referrals to the service (Appendix 3).

1.27 11 family hubs were opened across the county in 2023/24. Family hubs provide support and advice from midwives, health visitors, early communications support workers, early years practitioners and more. Activity sessions give children, parents and carers the chance to socialise and support their children's needs and development (Appendix 5).

Making best use of resources now and for the future

1.28 Throughout 2023/24 our 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 investment in highways and children's services, as well as local authority funding more generally. During quarter 4, the Council outlined to East Sussex MPs the severe financial pressures facing the authority and asked for support in lobbying ministers to increase the funding in the Final Local Government Finance Settlement (LGFS) 2024/25. This successfully resulted in a number of local MPs signing a letter organised by the County Councils' Network that called for more funding in the LGFS and an additional £600m of national funding for social care subsequently being made available in that settlement. Also, during quarter 4, ahead of a debate in the House of Commons, the Director of Children's Services provided a written briefing to MPs on pressures in the Special Educational Needs and Disabilities system, which included proposed solutions to address these pressures. This briefing was mentioned during the debate and a copy provided to the Minister for consideration (Appendix 7).

1.29 25 energy efficiency projects have been completed in 2023/24 meeting the target for the year, including 5 LED lighting projects and 10 solar PV energy generation schemes. Triple glazing and loft, door and wall insulation has been installed at 5 schools in the county. 3 heat decarbonisation projects have been completed to transition from oil boilers to air source heat pumps at schools. 2 asset rationalisation projects have also been completed, ensuring more modern facilities with reduced carbon emissions. Projected energy consumption at the end of quarter 3 (reported a quarter in arrears) was down 33% on the 2019/20 baseline, against a cumulative target of 43% for the year. If energy use in quarter 4 was the same as quarter 4 2022/23, our Scope 1 & 2 carbon emissions would reduce by 2% in 2023/24 compared with 2022/23 (Appendix 4).

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 2023/24. This included securing funding for a feasibility study for a potential solar farm on a former landfill site. Funding was secured to develop a plan to provide people with the skills to retrofit domestic properties and reduce their carbon emissions. Small and Medium Enterprises were assisted to measure their carbon footprint and awarding grants to businesses to improve their energy efficiency and install renewable energy systems (Appendix 6).

1.31 The Council has received 90% of the £4.4m allocated to East Sussex from the Government's Local Electric Vehicle Infrastructure Fund. The remaining 10% will be paid once the final contract has been approved. The funding will support the delivery of on street electric vehicle chargepoints in the county. It is expected that procurement of the contract will begin in quarter 2 2024/25, and that Initial work to deliver chargepoints will follow in quarter 4 2024/25 (Appendix 6).

1.32 The 2023/24 sickness absence figure (excluding schools) is 9.13 days per Full Time Equivalent role (FTE). Although this is a decrease of 9.3% since 2022/23, the 2023/24 target of 9.10 days per FTE has not been met. Mental health absences have increased by 772 days

compared to 2022/23, and extra support is being offered to staff to help deal with this issue (Appendix 4).

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

2.1 The State of the County report is a key annual milestone in the Council's Reconciling Policy, Performance and Resources (RPPR) process, our integrated business and financial planning cycle. The report provides an overview of our current operating context to begin the process of more detailed planning for 2025/26 and beyond. In conjunction with the 2023/24 year end monitoring report, it reflects on our achievements over the last year and the challenges we expect in the year ahead arising from both local and national factors. Through this analysis, it starts to refine our plans and to steer our business planning and budget setting processes.

2.2 The County Council continues to make a vital difference every day to health and wellbeing, independence, prosperity, connectivity and community throughout the county. 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 East Sussex. The reach of our services is significant. In the past year our Adult Social Care services have supported 27,000 people, our Children's Services have been in contact with over 30,000 families, we maintained over 2,000 miles of road, including repairing over 27,000 potholes, issued over two million items through our libraries and dealt with a quarter of a million tonnes of waste.

2.3 Independent reviews have endorsed the way in which the Council provides its services and has a positive impact on the county. Peer challenges led by the Local Government Association have cast a critical eye over our work and found the organisation to be focused, well managed and effective. Ofsted, following its detailed inspection, has praised the quality of our Children's Services and the outstanding support for looked after children. Our external auditors have endorsed the value for money services provide across the Council. These considered judgements confirm the organisation's many strengths, the commitment of our staff and the immense value of our partnerships. It is clear that East Sussex is a well-run council. But despite doing everything possible to plan and manage well locally, we are not immune to the national pressures weighing heavily on local government.

2.4 The past year has seen growing challenges for the Council, as well as achievements, and we expect these ongoing pressures to have a significant impact on our planning for the future. Many years of prudent management, including making difficult decisions when we had to in order to live within our means, have enabled the Council to provide stability in its service offer in recent years. But the gap between the funding we expect to have and the cost of providing services has now grown unsustainably. We are realistic about the substantial challenges we face, grounded in the evidence of the future needs of the county and the demands this will place on our support. As always, we will be open and honest about the path ahead, including what this may mean for services and the people they support, and we will continue to plan with a clear focus on what the Council wants to achieve for East Sussex with the resources we have.

2.5 This will entail looking again at what we are able to provide in future, and where we may have to step back in order to make ends meet and sustain those services we are required by law to provide. We must also be clear to any new Government that making further reductions in services that help people retain independence, or avoid the need for more intensive statutory support, is not what we would do if we had a choice and will have an impact in the longer term. We know that some of the short term decisions likely to be necessary to balance the books now will only generate more demand for support months or years down the road. Evidence shows that the best investment is in the upstream, preventative services which improve outcomes and ultimately make better use of resources

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and we will continue to make this case. However, we simply do not have the funding to scale up or even maintain these services to the level we would want, or to invest as we would like in the infrastructure and economy of East Sussex for the future.

2.6 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.

2.7 Whilst the elements of this report may be familiar, the outlook it presents differs markedly from that of recent years. Nationally, the imminent general election holds the potential for significant policy change which would impact on the county's residents, businesses and communities, and the ESCC and partner services which provide them with vital support. Most significantly, we begin our planning for 2025/26 and beyond from an unprecedented financial position with the current year's balanced budget being reliant on the temporary buffer of reserves, creating a pressing need for further action to address the underlying budget gap. The possibility of a further one year financial settlement due to the election, followed by a Spending Review, makes the medium to longer term financial outlook for the Council, and local government more broadly, highly uncertain, although it is clear that any new Government will face very constrained public finances with many competing demands.

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

2.9 We have honed what we do so that it is lean, focused tightly on where the Council is best placed to act, makes best use of available resources and is underpinned by partnership and One Council principles. But with difficult savings and service changes already delivered, we will not be able to sustain our current service offer in the face of mounting costs and increased demand.

2.10 It remains essential that we focus our resources, in partnership with others, in the most effective way to support our priorities and statutory service provision. The Council spends over £1bn gross each year (in the region of £540m net) on services for the county's residents and businesses. We continue to use our robust RPPR process to 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 report describes the range of action we are already taking and outlines further steps we will need to take to bridge the financial gap if additional national support is not forthcoming.

2.11 We continue to make every effort locally to implement strategies to manage demand and reduce costs. Our productivity plan, requested by Government (of all local authorities) and detailed at paragraph 2.35 below, summarises the significant work already delivered and next steps, including the national support needed. However, the scope for more efficiency gains is very limited and will go only a small way towards bridging the budget gap. This report sets out the ongoing need for proactive lobbying and communications to help ensure that the next Government is aware of the needs of our county, the urgent requirement for a sustainable funding regime that appropriately reflects local need, and the case for fundamental national reform in key areas to enable more flexible and targeted use of the resources we have.



### Current Position

2.12 Over the past year the county continued to be impacted by national and international factors leading to a range of pressures on households. The heightened cost of living continued to disproportionately impact on the most vulnerable, the complexity of need amongst vulnerable children and families grew, and we further developed our local response with partners and communities to the multiple aspects of migration. This challenging environment again reinforced the importance of the role the County Council plays for the residents, communities and businesses of East Sussex as we saw increased demand for our services. Our assessments of the ongoing levels of local need arising from recent developments continue to be refined and this modelling of future implications will be built into our planning.

2.13 In developing our medium and longer term plans we will also need to take account of the broader context in which we will be working. There is considerable policy uncertainty as a result of the imminent general election. We are analysing manifesto commitments made by the main political parties nationally and how these would impact on the county, ESCC and our partners. The future of significant reforms to key services brought forward by the current Government which are yet to be fully implemented is unclear, as is the future funding available to support these reforms. Alongside these ongoing medium term service changes, there will be a need for Council departments to respond at pace to any rapid policy shifts post-election. The national and local context includes:

- The developing national economic situation, with inflation falling but impacts from the increased cost of living persisting, and the potential for cuts to interest rates in the coming months. The ongoing pressures on households are likely to continue to influence demand for our services for some time and the costs of providing services will also continue to increase.
- Considerable uncertainty over the future of local government funding. The long planned funding review, covering the formula on which funding allocations to individual local authorities are based, was deferred beyond the general election, and a further one year financial settlement is likely for 2025/26. In addition, major national reforms to Adult Social Care and Children's Services (see below) carry considerable financial risks for local authorities.
- Changes to arrangements for driving economic growth locally as Local Enterprise Partnership functions transition to ESCC and a new East Sussex Economic Prosperity Strategy is finalised. Harnessing the benefits of investment in the county through Levelling Up Partnerships and the Long Term Plan for Towns will also be important.
- Ongoing challenges in the labour market, including the impact of workforce shortages in key sectors on our ability to recruit and retain staff, ongoing pay negotiations and the need for our workforce to adapt to service reforms. Alongside this, the need to take advantage of new opportunities from rapidly developing advances in technology and artificial intelligence which may support capacity and efficiency.
- The future of significant reforms of public services – major reforms to Adult Social Care charging were postponed until 2025 and the way forward will be an early decision for any new Government. National reforms in children's social care and SEND are being progressed following substantial reviews, but are at a relatively early stage and not at the pace needed to address growing demand. We are also continuing to respond to a range of significant national and local 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, adapting to its effects and working towards the national and local commitments to achieve carbon neutrality, including developing the next iteration of the Council's Climate Emergency Plan. Additionally, the introduction of

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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, maximising the value of our new highways contract and additional investment in highways, and taking forward the next stages of our Bus Service Improvement Plan and refresh of our Local Transport Plan.
- The increasing need to respond to a complex picture of migration in light of global conflicts, increased numbers of people seeking asylum, including unaccompanied children, and developments in national 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 ongoing importance of our partnerships in harnessing the collective resources and assets available within the county for the benefit of our communities.

2.14 The local and national policy outlook at Appendix 10 sets out the latest thinking on these and other current issues, although plans will continue to develop over the summer and autumn as more information emerges, particularly once the outcome of the general election is known. As always, Members will continue to be updated on policy developments throughout the RPPR cycle.

2.15 In response to the unsustainable financial position we have set in train several specific strands of work as part of RPPR planning. Steps have already been taken to minimise day to day expenditure wherever possible, to provide additional oversight of workforce issues and to ensure that recruitment to vacant posts is carefully considered. We are also ensuring that increased income offsets increased costs wherever possible and we have reviewed and reduced our office estate and continue to prioritise the sale of assets where appropriate. We are seeking 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.

2.16 Where resources allow, we have stepped up our long-standing focus on preventative or upstream approaches which improve outcomes and manage demand, supporting people and communities to be independent wherever possible. This includes the investment in family safeguarding and embedding of the Valuing Care approach in Children's Services, and the further integration of community health and care services and development of health improvement work in Adult Social Care and Health. The delivery of additional patching, drainage and lining works through Cabinet's previous additional investment in highways maintenance has supported increased future resilience of the roads which the local economy and our communities depend on. However, there is a lack of funding for the scale of investment required in preventative work across a range of areas which would reduce the need for more intensive support in the future. As resources for this work have become increasingly constrained over time, services have become necessarily focused on responding to the most critical needs, creating a negative cycle of growing demand and increased costs.

2.17 We have reviewed the value for money our services provide, ensuring they perform well against our nearest comparator authorities and that we adopt good practice elsewhere where we can. As part of our RPPR planning we will systematically consider any further actions which may reduce the need for support in the short term or increase our capacity to

respond. As always, our approach will be evidence-based, draw on best practice and use data and benchmarking to identify where we can improve.

2.18 This ongoing discipline and our culture of continuous improvement will help contain costs as far as we can. However, fundamentally there remains a significant gap between the income we currently expect to receive in the coming years and the costs of providing services, with significant additional risk arising from service reforms. Without further Government support, changes to the statutory requirements local authorities are expected to fulfil or sustainable reform of local government finances we will not have the funding we need for the future. Further detail on the financial outlook and proposed next steps is provided at paragraph 2.27.

2.19 In all our activities, and in planning for the future, the County Council will continue 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 and realistic about what can be achieved with the resources available; and
- We strive to be a good employer and partner.

### Demographic, Economic and Demand Changes

2.20 Appendix 9 sets out the key factors affecting the county in relation to demography, deprivation, health, housing, the environment and economy, and the impact these are having on demand for our services. This contains more detail on the issues outlined in paragraphs 2.12 – 2.19. Appendix 9 highlights some of the longer-term challenges we face related to the nature of our population and our geography alongside emerging issues. It should be noted that while some factors, such as the continuing challenges around cost of living, impact on residents across the county, each local area is different and some areas are impacted more by particular issues. In addition, some of our communities are impacted by multiple systemic issues that require additional support to address, as has been recognised by the awarding of Levelling Up funding to these areas.

2.21 The main factors highlighted by the report are:

- **Older People** – the latest population projections show that the number of over 65s in the county will continue to grow at a much faster rate than our working age population; we are expecting an increase of 9.9% in the 65-84 age group and an increase of 14.2% in the over 85 age group in the next four years. 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 highest percentage of the population aged 65 years and over in the country.
- **Children and Young People** – there are still higher levels of demand for children's social care and more complex cases than seen pre-pandemic 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 year on year, which is leading to an increased demand for home to school transport provision.

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- **Asylum seekers and refugees** – East Sussex continues to have a higher rate of people receiving asylum support within the county than the national average. Unaccompanied asylum seeking children made up nearly a quarter of those children who began to be looked after last year.
- **Economy** – economic productivity within the county remains lower than the national average. Average wages for those employed within the county also remain lower than the national average. The unemployment rates in Hastings and Eastbourne are higher than the national average.

### Council Priority Outcomes

2.22 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.

2.23 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.

2.24 The priority outcomes, and their subsidiary delivery outcomes, are reviewed annually to ensure they continue to reflect the current context, with updates proposed as required. Reflecting our continually evolving operating environment, some specific amendments to delivery outcomes are proposed to ensure the priorities we are working to deliver, and the way we measure the performance of our activities and services, remain appropriate.

2.25 The following changes are proposed to delivery outcomes:

#### Keeping vulnerable people safe

Two wording amendments are proposed to reflect that the social care sector is moving away from the terminology ‘services’ as it is not inclusive of the wider range of support that is offered to residents (such as other community assets that help to meet people’s needs) and also to reflect the Council’s focus on enabling people to live well, beyond simply providing them with a service:

- All vulnerable people in East Sussex are known to relevant local agencies and ~~services~~ are **support is** delivered together to meet their needs
- People feel safe with ~~services~~ **support provided**

#### Helping people help themselves

The addition of a new delivery outcome is proposed to better recognise that Adult Social Care and Health, and other Council departments, make a contribution to addressing the social determinants of health, beyond simply working with partners (as described in the current delivery outcomes):

- We work to reduce health inequalities and maximise opportunities for our residents to live healthier lives.

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2.26 Cabinet is asked to review the current priority and delivery outcomes and agree them as the basis for future business and financial planning, subject to the amendments outlined in paragraph 2.25 above. The full set of priority and delivery outcomes, showing the proposed amendments, is attached at Appendix 11.

### Medium Term Financial Plan

2.27 When the 2024/25 balanced budget was approved by Full Council on 6 February 2024, the deficit on the Medium Term Financial Plan (MTFP) to 2026/27 was £61.825m. Updating the MTFP for normal factors (such as the latest inflation rates and an additional year), the position is an increased deficit by 2027/28 of £83.601m.

<b>Medium Term Financial Plan</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>	<b>2027/28 £m</b>
<b>Annual Budget Deficit / (Surplus)</b>	<b>40.976</b>	<b>16.503</b>	<b>11.778</b>
Carry Forward of 2024/25 Deficit	14.344	-	-
<b>Annual Budget Deficit / (Surplus) after Carry Forward</b>	<b>55.320</b>	<b>16.503</b>	<b>11.778</b>
<b>Total Budget Deficit / (Surplus)</b>	<b>55.320</b>	<b>71.823</b>	<b>83.601</b>

2.28 Existing financial pressures that have already impacted in 2023/24, whilst recognised within the additional investment when the budget was set, are expected to continue into 2024/25, particularly in Children's Services (which overspent by £30.42m in 2023/24), where looked after children and home to school transport service demands are significant, and Adult Social Care (which overspend by £1.98m), due to the impact of the national living wage increase and rising levels of debt from client contributions. In addition, emergent pressures are likely in SEND and Adult Social Care independent sector placements.

2.29 At a national level, the Government funding that ESCC will receive between 2025/26 and 2027/28 is yet to be confirmed. The Local Government Financial Settlement was only a one year settlement for 2024/25 and was the last year of the Autumn Statement 2021 Spending Review. There is no indication of the level of funding that will be available from 2025/26 onwards. With all this uncertainty, it is not possible to present a detailed draft MTFP to 2027/28.

2.30 As part of the settlement, the Government announced £500m of additional grant funding to support pressures in social care, of which the Council was allocated £5.386m. The continuation of a range of short-term grants announced in the 2023/24 Settlement was also confirmed. It is proposed to allocate the additional funding for social care to support the investments in children's and adult social care within the Council's agreed 2024/25 revenue budget and reduce the budgeted draw from reserves. However, this funding will not be sufficient to fund the demand and inflationary pressures facing ESCC services in 2024/25 in full and the Council will still require a significant draw on reserves.

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2.31 The use of reserves to mitigate budget deficits is not sustainable as they can only be used once. The current level of reserves is set out in the table below. Total strategic reserves are projected to be £16.7m by 2029, which excludes any draws required to set a balanced budget in 2025/26 or beyond. This compares with a cumulative deficit of £83.6m by 2027/28:

Reserve Balances	Full Council February 2024		SoC June 2024	
	(£m)		(£m)	
	01.04.24 Est.	31.03.28 Est.	01.04.24	31.03.29 Est.
<b>Earmarked Reserves:</b>				
<b>Held on behalf of others or statutorily ringfenced</b>	<b>32.3</b>	<b>32.1</b>	<b>31.3</b>	<b>30.6</b>
<b>Named Service Reserves</b>				
Waste Reserve	19.4	8.9	19.5	11.6
Capital Programme Reserve	9.4	0.5	9.9	0.0
Insurance Reserve	7.5	7.3	7.4	7.2
Adult Social Care Reform Reserve	3.1	0.0	3.0	0.0
<b>Subtotal named service reserves</b>	<b>39.4</b>	<b>16.7</b>	<b>39.8</b>	<b>18.8</b>
<b>Strategic Reserves</b>				
Priority Outcomes and Transformation	5.9	5.6	7.3	1.5
Financial Management	31.8	19.4	35.8	15.2
<b>Subtotal strategic reserves</b>	<b>37.7</b>	<b>25.0</b>	<b>43.1</b>	<b>16.7</b>
<b>Total Earmarked Reserves</b>	<b>109.4</b>	<b>73.8</b>	<b>114.2</b>	<b>66.1</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>119.4</b>	<b>83.8</b>	<b>124.2</b>	<b>76.1</b>

2.32 A number of scenarios are currently being considered, which may impact the overall deficit, as set out in the table below.

	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m
<b>Revised deficit</b>	<b>55.320</b>	<b>16.503</b>	<b>11.778</b>	<b>83.601</b>
<b>Scenarios currently being considered</b>				
Continuation of Adult Social Care (ASC) grant funding	(5.386)	0.000	0.000	(5.386)
Proceeds of Business Rates (NNDR) pooling	(2.194)	2.194	0.000	0.000
Council Tax: Premiums on second homes	(3.524)	(0.070)	(0.072)	(3.666)
Reduction in contractual inflation in line with forecasts	(6.481)	0.000	0.000	(6.481)
Council Tax Flexibility: Add a further 3.00% to our current 1.99% assumption to get to <b>4.99%</b> (2.99% plus 2.00% ASC Precept) in all years	(11.138)	(12.254)	(13.476)	(36.868)
<b>Deficit/(surplus) after scenarios</b>	<b>26.597</b>	<b>6.373</b>	<b>(1.770)</b>	<b>31.200</b>

2.33 As set out above, should all these scenarios materialise there would still remain a deficit of £26.6m in 2025/26. Given the forecast level of strategic reserves is £16.7m by March 2029, which excludes any draws necessary to mitigate future deficits, and that all other avenues have been explored, further steps are required to support the Council in being able to set a balanced budget in the absence of any indications of further national support. It is

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recommended that officers explore areas of search across all departments to reduce the financial gap, with a focus on:

- Discretionary and non-statutory preventative services
- Directly provided services
- Support services and back office functions
- Income generation

2.34 Making further savings will impact on the Council's ability to maintain its Core Offer - the basic but decent level of services residents should expect. The financial position means that it may no longer be possible to sustain all services at Core Offer levels. Given the need for any savings to take effect as early as possible to impact on the 2025/26 financial position, areas of search will be brought forward for Member consideration at the earliest opportunity.

### Productivity Plan

2.35 The additional national funding provided for social care in the final Local Government Finance Settlement was accompanied by a new expectation for councils to produce productivity plans as part of Department for Levelling Up, Housing and Communities (DLUHC) efforts to return the sector to sustainability in the future. The plan, although not a requirement of local authorities, summarises how the Council continuously assures itself and others about the appropriate and effective use of public money and the significant steps taken over many years to make best use of available resources. It provides an opportunity to set out to DLUHC the key factors now impacting on sustainability and productivity for ESCC and what we are doing to address these, as well as action we need Government to take. DLUHC is establishing a Long-Term Sustainability Panel, comprising representatives from local government and the technology and transformation sectors, to review common themes and evidence arising from the plans from autumn 2024. The Panel will consider national policy implications, the role of Government in supporting change and the role of the sector itself.

2.36 ESCC's productivity plan is attached at Appendix 13. Although a stand-alone document it signposts, where possible, to the Council's existing and comprehensive business planning and performance framework. It summarises concisely the Council's approach in the areas specified by DLUHC – service development, technology and data and effective use of resources – and responds to its request to set out the barriers that Government can help address. It emphasises the need for investment in preventative approaches as central to a return to sustainability, alongside reform to the statutory requirements placed on local authorities in key areas where current national policy or legislation prevents us from targeting our resources most effectively. Subject to Cabinet agreement, the plan will be submitted to Government and published on the Council's website so that it is easily available to the public.

### Capital Programme

2.37 The approved programme has now been updated to reflect the 2023/24 outturn and other approved variations, revising the gross programme to £874.5m to 2033/34. The details are set out in Appendix 12, together with the revised programme.

2.38 The 10 year capital programme to 2033/34 and 20 year Capital Strategy 2024/25 to 2044/45 will be updated as part of the RPPR process over the autumn to add an additional year and ensure continued links into, and support of, the Council's other strategies. In addition, a review will be conducted of core Council-funded programmes/projects to consider the implications of a reduced programme that reduces pressure on the MTFP position.

### Lobbying and Communications

2.39 This report sets out the diverse range of issues the Council must address in planning for the future, and the national factors significantly contributing to these. The medium term outlook is highly challenging - we face a significant financial gap which will necessitate service reductions, uncertainty in relation to national reforms in major service areas and wider national

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policy direction, and a lack of clarity on long-term funding arrangements. There are significant risks and planning in this context is not easy, but it is clear that, without further Government support, the financial outlook will require difficult decisions and that these will not be the decisions we would choose to make to address growing demands.

2.40 Through our lobbying, we will make clear to the Government the specific needs of East Sussex and call for sustainable funding for local government that is appropriately reflective of local need and that fully reflects the impact of reforms. We will also proactively suggest things that will help without significant cost - calling for reforms and flexibilities which would help us better target and use our resources – helping us help ourselves. Both will be paramount to ensuring we are able to deliver what will be required to support East Sussex residents, communities and businesses with the services they need, including opportunities to continue positive preventative work that could most effectively manage future demand for services.

2.41 We will continue to work with local, regional and national partners to make this case through all available avenues and seek the support of East Sussex MPs in highlighting the needs of our county and the key role the Council has to play in improving the quality of life for people in our county.

### Next Steps

2.42 Work will continue over the summer to refine our understanding of the medium term impacts on our services of national reforms, the evolving economic and political context, changing demand for services and the financial resources that will be available to us in the coming years. We will also further develop proposals for closing the financial gap, including potential savings.

2.43 We will report back to Members in the autumn with an updated assessment of our service demand, funding expectations and proposed actions to inform more detailed business and budget planning for 2025/26 and beyond. 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.

2.44 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 2024/25 Reconciling Policy, Performance and Resources process.

## **3. East Sussex, South Downs and Brighton & Hove Waste and Minerals Local Plan Review – Adoption**

3.1 The Cabinet considered a report on the East Sussex County Council work in partnership with the South Downs National Park Authority and Brighton & Hove City Council (the Authorities) in the preparation of minerals and waste planning policy for East Sussex, Brighton & Hove and the area of the National Park within the County and City. Together, the Authorities have prepared the Waste and Minerals Plan (WMP, 2013), and the Waste and Minerals Sites Plan (WMSP, 2017). These adopted plans form the Waste and Minerals Local Plan (WMLP) which is used by each of the Authorities in the determination of planning applications for waste management activities, and minerals extraction and infrastructure in the Plan area. The WMLP forms part of the Development Plan and is, therefore, also applicable to the District and Borough Councils as local planning authorities.

3.2 Over the past few years, the Authorities have been undertaking a partial review of the WMLP (primarily focussed on minerals planning matters) and in November 2022 the proposed Waste and Minerals Revised Policies document was subject to an independent Examination in Public, which was conducted by two Examining Inspectors from the Planning Inspectorate. In light of initial feedback from the Examining Inspectors, some modifications to the Revised Policies document were proposed and consulted upon. The Inspectors have subsequently



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agreed these modifications and now consider that the Plan is legally compliant and 'sound'. It is now for the Authorities to formally adopt the Revised Policies document (appendix 15), so that it becomes part of the Development Plan for East Sussex and Brighton & Hove.

### Supporting information

3.3 The partial review of the Waste and Minerals Local Plan was commenced in 2017. Public consultations were undertaken in Autumn 2017, Spring/Summer 2020 and Autumn/Winter 2021/22. In May 2022 the draft Revised Policies Document was submitted to the Secretary of State in order to commence the Examination in Public, which was conducted by the Planning Inspectorate. Hearing sessions for the Examination were held in November 2022, after which the Inspectors suggested certain modifications to the draft Revised Policies Document. The modifications were duly proposed by the Authorities and consulted upon during October – December 2023 (Appendix 16 of the report). The Inspectors have subsequently considered these modifications, including all representations made, and considered that provided these modifications are incorporated into the Revised Policies Document and subsequently the overall Waste and Minerals Local Plan, it is considered 'sound' and capable of being adopted by the Authorities. The Inspectors' full report is attached to this report as appendix 14.

3.4 The need for this partial review stems from the conclusions of the examining Inspector of the Waste and Minerals Sites Plan in his report published in 2016, who concluded that a review of the minerals policies within the 2013 Waste and Minerals Plan would be required as the supply of aggregate from existing permitted extraction sites is likely to be exhausted prior to the end of the Plan period in 2026. Maintaining a reliable supply of aggregate is essential to facilitate construction and economic growth, including house building.

3.5 Whilst the partial review has primarily focused on minerals policies, including the supply of aggregate, a limited number of other policies in the plan have been revised as they were considered out-of-date (generally due to changes in national policy and legislation).

3.6 In terms of the policies relating to minerals provision, no new sites are proposed for allocation within the Plan area. This is generally a consequence of the geology of the Plan area and environmental constraints. Instead, the Authorities are seeking to primarily rely on marine-won aggregate and the re-use and recycling of material. The Inspectors have endorsed this approach.

3.7 It is important to note that whilst the Plan recognises the importance of marine aggregate to the area, it only has jurisdiction when it comes to planning for the land based infrastructure that would be required to support its supply. The bodies that consider and grant consent for marine dredging to supply aggregate are the Crown Estate and the Marine Management Organisation (MMO). It is not for the Waste and Minerals Plan to reconsider and/or assess the impacts of this activity.

3.8 In light of the Inspectors' conclusions, the Waste and Minerals Revised Policies document may now be adopted by the three Authorities. In this regard, it is important to note that the Government's Planning Practice Guidance (paragraph 058) states the following, which is of relevance to this stage of plan making;

*"Once the examination process is complete, adoption is the final stage of putting a local plan in place. This requires confirmation by a full meeting of the local planning authority (regulation 4(1) and (3) of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000). On adopting a Local Plan, the local planning authority has to make publicly available a copy of the plan, an adoption statement and Sustainability Appraisal in line with regulations 26 and 35 of the Town and Country Planning (Local Planning) (England) Regulations 2012 .*

*While the local planning authority is not legally required to adopt its local plan following examination, it will have been through a significant process locally to engage communities and other interests in discussions about the future of the area, and it is to be expected that the authority will proceed quickly with adopting a plan that has been found sound."*

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3.9 Preparation of the Waste and Minerals Revised Policies document has been accompanied by a Sustainability Appraisal (SA). The SA is used to test various policy options, along with the proposed policies themselves to help ensure that the Plan is contributing towards the achievement of sustainable development. Should the Plan be adopted, the final Sustainability Appraisal Report will need to be published alongside it.

3.10 Once the Waste and Minerals Revised Policies document has been adopted, a full and comprehensive review of the Waste and Minerals Local Plan will be commenced. The Council's published Minerals and Waste Development Scheme sets out a timetable for this full review, with an initial consultation expected in late 2024/early 2025.

3.11 The Cabinet recommends the County Council to -

☆ (1) agree the Waste and Minerals Revised Policies document, incorporating the Main Modifications and minor modifications, and updated Policies Map, is adopted and published; and

(2) that the relevant adoption statement and Sustainability Appraisal Report is published.

25 June 2024

KEITH GLAZIER  
(Chair)