

Report to: People Scrutiny Committee

Date of meeting: 15 July 2024

By: Chief Executive

Title: Reconciling Policy, Performance and Resources (RPPR)

Purpose: To begin the committee's input to the Council's business and financial planning process (Reconciling Policy, Performance and Resources) for 2025/26.

RECOMMENDATIONS:

The scrutiny committee is recommended to:

- (1) Consider information within the 2023/24 end of year Council monitoring report and State of the County 2024 report and the implications for services within the remit of the committee;**
 - (2) Agree key areas for scrutiny focus as part of RPPR planning, including any further information required for consideration by the committee at its September awayday; and**
 - (3) Establish a RPPR scrutiny board to consider the developing Portfolio Plans and financial plans and to submit scrutiny's final comments on them to Cabinet in January 2025.**
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1. Background

1.1 On 25 June 2024 Cabinet considered two reports which form important annual milestones in the ongoing Reconciling Policy, Performance and Resources (RPPR) cycle – the Council's integrated business and financial planning process.

1.2 The end of year performance monitoring report for 2023/24 set out the Council's position and year-end projections for the Council Plan targets, revenue budget and capital programme, together with strategic risks at the end of March 2024. The State of the County 2024 report set out the current operating context for the Council in preparation for more detailed planning for the 2025/26 financial year and beyond. The report provided an up to date understanding of how the Council will need to continue to respond to the wide range of policy, demographic and financial drivers which influence the outlook for the authority.

1.3 The State of the County report highlighted the significant financial and operational challenges facing the Council. The post general election period holds the potential for significant policy change which would impact on the county's residents, businesses and communities, and the Council 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 public finances will remain very constrained with many competing demands.

1.4 Alongside the high level of both policy 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.

1.5 Taken together, these national and local factors make future service and financial planning very challenging. 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. The updated MTFP position at State of the County is an increased deficit by 2027/28 of £83.601m. 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, where Looked After Children and Home to School Transport service demands are significant, and Adult Social Care, 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. The level of uncertainty means it was not possible to present a detailed MTFP as part of State of the County and further work is required to produce a full update for the autumn.

1.6 The State of the County report sets out work already underway in response to the financial position and proposed next steps, including exploring areas of search for further savings.

2. People scrutiny committee engagement in RPPR

2.1 This committee's contribution to the RPPR process is vitally important and is threaded through all scrutiny work. The insight and evidence gathered through previous and ongoing scrutiny work is drawn together and enhanced in specific RPPR sessions which will, ultimately, enable the committee to provide commentary and recommendations to be taken into account by Cabinet and Council before a final decision is taken on the updated Council Plan, budget and MTFP early in 2025. The diagram attached at **appendix 1** summarises scrutiny involvement throughout the annual RPPR cycle.

2.2 The **July scrutiny committee** meeting focuses on reviewing current service and financial performance information contained in the end of year monitoring report, as well as considering new developments which will impact on services as set out in the forward-looking demographic, policy and financial analysis in the State of the County report. This is to ensure the committee has a full understanding of the current context and future pressures for the service areas within its remit.

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

- **Appendix 2** comprises extracts from the 2023/24 **end of year monitoring report** considered by Cabinet in June and County Council on 9 July – departmental appendices not relevant to this committee's remit have been removed. The Strategic Risk Register (appendix 8 of the end of year monitoring report) is included for information, however the Audit Committee has a lead role in relation to oversight of risk management and the Strategic Risk Register.
- **Appendix 3** contains the full **State of the County report** as considered by Cabinet in June and County Council on 9 July. The committee is invited to focus on the elements relevant to services within its remit, particularly in appendix 2 to the report – the national and local policy outlook.

2.4 Based on the information in the attached reports, and Members' wider accumulated knowledge and evidence, the committee is invited to identify any key areas of focus for scrutiny which it will pursue through subsequent RPPR discussions and/or its wider work programme. This includes any additional information required for the September meeting or awayday to inform the committee's input to the RPPR process.

2.5 Areas of interest to be prioritised for scrutiny may arise from, for example, areas experiencing performance challenges or demand pressures, significant policy changes or new service developments. Careful selection of topics to focus on will enable the committee to be well positioned to comment on the impact of service changes, future service delivery and budget proposals as part of the ongoing RPPR process.

2.6 The **September 2024 and November 2024 scrutiny committee meetings** will consider any additional information which has been requested and any updated information reported to

Cabinet during the autumn. Further refinements to the committees' ongoing work programmes can also be considered at each meeting. In addition, the committee's **awayday on 16 September** provides an opportunity to receive more detailed information on any specific areas of interest identified by Members, and to review the overall work programme to ensure it is aligned to strategic priorities for the Council and scrutiny.

2.7 The committee is also asked to agree the membership of its **RPPR board**, which will meet on **5 December 2024** to agree detailed comments and any recommendations on the emerging Portfolio Plans and financial plans to be put to Cabinet on behalf of the scrutiny committee.

2.8 The **March 2025 scrutiny committee meeting is an opportunity to** review the process and scrutiny input into the RPPR process and receive feedback on this input has been reflected in final plans. Any issues arising can be reflected in the future work programme.

2.9 Running alongside the scrutiny process, whole Council Member forums will ensure that Members can keep an overview of the emerging picture across all service areas including the impacts of national announcements on our plans. Chief Officers will also provide any briefings required by group spokespersons to assist them in contributing to the RPPR process.

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Local Members:

All

Background Documents:

None