

Questions for stakeholders

East Sussex County Council welcomes the opportunity to submit further views to the Lyons Inquiry.

General Comments:

Resources

Any review of local government finance must include a coherent approach to the funding of significant, core and rising spend pressures especially in social care and waste disposal. Significant future costs growth – at a rate of 10% per annum for each – is forecast for the future. These are particular areas of spend subject to demographic and global drivers outside the control of any individual local authority or even a sub-national grouping of local authorities. A new approach in these areas must include an agreement between Local and Central Government about the level and nature of 'service offer' that residents should expect. It must also recognise the individual responsibilities of residents.

Unless these two key areas are addressed we will see further increased pressure on other universal services such as public transport and highways. The challenge this creates in the context of the likely outcome of the next round of the Comprehensive Spending Review, is recognised as significant.

Central Government grant support for local authorities is characterised by a lack of transparency and complexity in how resources are distributed to different parts of the Country. In addition to this, the position of schools (under the Dedicated Schools Grant - DSG) is now in marked contrast to the position for all other services. At the County Council level, DSG is funded 100% by special Government Grant with no headline contribution from the Council tax payer. In contrast, for all other services, Government now meets only 30% of spend with the rest falling on council tax payers. Amongst other things, this means council tax payers are particularly exposed to the rising cost pressures from social care and waste disposal. In particular, because of capping, this actually means even more pressure on universal service provisions such as roads, libraries etc..

The South East in general, and East Sussex in particular, has seen a marked squeeze in Government grant for core services. The beneficiaries have been other parts of the Country. Indeed, all County Councils in the South East are now 'floor authorities' and receive only the minimum increase in funding each year. In the view of East Sussex and the wider South East, there would be real alarm if Government ever chose actually to implement the current underlying formula grant (i.e. by abandoning the floor system) methodology.

There remains real concern about the absence of a predictable and reliable source of funding to help meet the cost of the necessary social and physical infrastructure to support housing and economic growth in the South East.

More generally, while the challenges are significant, East Sussex County Council is determined to take a proactive approach to its management. In particular, we do not anticipate windfall resources from Government. We plan honestly and openly for the policies that can be afforded within the resources available. We are a poor county by South East standards yet we have the highest proportion of older people in the Country. There is no political wish to load increasingly high burdens of cost onto the council tax payer; many of whom are relying on pensions or in receipt of local wages below the national average. We see no other reality than to maximise productivity and efficiency (including income generation); being clear about the customer impact we are

seeking to deliver and revising the 'service offer' to the public. Difficult decisions and choices will be inevitable but it will be vital to be open about such choices rather than continuing to fuel unaffordable customer expectations.

Local Priorities

Notwithstanding this challenging context, we continue to retain building the prosperity of the County as a top priority.

In our previous submission we noted that local authorities, first and foremost, are democratically elected bodies. As such their prime roles are to represent their residents, make decisions on their behalf and govern their locality. Everything they do – making sure the right services are provided to local people, representing the community, building and shaping local identity and improving the quality of life locally - stems from this. Local authorities balance the very complex inter-play between local and national priorities when delivering services.

We believe that devolving more power to county regions would allow local flexibility to better reflect local circumstances and therefore local place shaping.

Reviews

All of the three reviews encompass a number of bodies at National and Regional level, and advocate the creation of new ones e.g. the new Commission for Employment and Skills. A review of how the existing bodies are working, especially in relation to each other, would have been useful from the view of the lower strategic level (County/Unitary). We are, more than any other key stakeholders, the organisations which work with the full range of *all* the bodies, at whatever level, involved in transport, housing and skills. This sub regional interaction includes the private sector element which is an important deliverer in all three areas.

Eddington Transport Study

The review needs to acknowledge the significant role that county areas deliver in driving economic growth within the Country.

Local authorities increasingly look to align and/or to complement their socio economic objectives with transport infrastructure and public/ private transport. Giving local authorities the powers to bring together partners involved in funding, planning and delivery of transport, and ensuring an alignment of priorities, would be the most efficient way of delivering transport outcomes.

As already mentioned the level of current central Government grant support to local authorities often results in even more pressure on universal service provisions such as roads. A higher percentage of funding for transport schemes that are grant funded rather than facilitated through borrowing would help relieve this pressure and help Councils better to deliver transport infrastructures and schemes.

Barker Review of Land Use Planning

Regional Assemblies may be one way of developing policy regionally; however, local authorities working together are also well (if not better) placed to implement sub regional strategies. Local Authorities can link housing, planning and transport issues and therefore link to economic issues, all this at a local level.

Leitch Review of Skills

It is well known that skills are important for individuals and for the wellbeing of communities. Poor skills levels affect sustainability of employment, quality of life and reinforce cycles of deprivation and low aspiration. There are clear links between skills and wider social outcomes, such as health, social cohesion and crime. Employment and skills planning and provision, however, cannot stand alone and must be viewed alongside a raft of issues pertinent to a locality such as an ageing population, young people not in education, employment or training (NEET) etc.. Skills and employment structure and systems, which should be working together to improve people's job chances, are not performing effectively and the Leitch report makes recommendations in this regard. It has to be recognised, however, that, unless formal structures are put in place to enable a locality to assess, plan for and deliver sustainable change across a range of agendas (including skills and employment), a joined up approach will be weak. The role that local authorities play in enabling partnership working through the framework of Local Area Agreements is vital.

Improved performance of current structures through simplification and rationalisation of agencies, robust performance management and clarity of roles and remits through a framework such as the Local Area Agreements is key. It will also be important to evaluate honestly activity that is taking place. For example, the Leitch review continues the established protocol that qualifications are the only recognisable proxy for measuring skills gain, even although it is accepted that, what individuals and employers believe matters most, is "workplace" skills such as communication, team-working and a genuine work ethic. Unless this is better recognised we may end up with more qualifications but no corresponding increase in productivity or improved wider social outcomes.

Lord Leitch's interim report was strong in its demographic analysis, however, it is disappointing that the final report does not appear to follow this through into strong recommendations, recognising that some areas are structurally weak economically with a heavy over-reliance on the public sector for employment and with a business base which is predominantly micro. There is a danger that the proposed new demand-led skills system will not tackle long-established low skills equilibrium and there is a paramount need for local authorities to influence national and regional policies and programmes to recognise the local context. Local partners, particularly those working across administrative boundaries where the economic and socio-economic context differs, should be compelled to work with local authorities to ensure that distinctive local complexities are recognised and formally addressed through planning and delivery mechanisms such as Local Area Agreements.

We expect there to be stronger recognition that some localities face different demographic and economic challenges to which geographically-based activity is more appropriate – local authorities as community leaders should be given powers to ensure that proper account is taken of such issues and the right to tackle situations where the demand-led skills system is failing to the detriment of the economy and to individuals.

Local Authorities at sub regional strategic level have a community leadership and regeneration role, as well as in many cases being major employers and economic drivers in their own right. Their roles are very much enabling and advisory as well as active, building upon their unique standpoint with a strategic overview across many facets of community and economic life.

Locally, East Sussex is developing an Adult (19+) Learning and Skills Partnership Board, mirroring the establishing 14-19 Partnership Boards. This Partnership Board

will become the body which understands demand and builds capacity for learning and skills in the County whether this is learning for learning's sake, either first steps into learning or recreational learning; skills development, either learning into employment or learning for sustainable employment; and in all learning strands ensuring that individual needs are understood and met. The skills agenda will be very firmly driven by the needs of the County and its economy.

Although the current £210m safeguard for personal and community development (PCDL) is outside the Leitch report's framework for adult vocational skills, it would seem sensible to have the current safeguard for community learning expanded to include all "first steps" provision. This would also have the effect of helping to drive the cultural change agenda as set out in the review.

South East Counties

The South East Counties have also submitted a joint response to your consultation and this should be read in conjunction with it. If further discussions would be helpful at either an East Sussex or South East Counties level we would be delighted to participate.

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