

## REVISED CORPORATE PLAN 2020/21

REPORT OF: All Chief Officers  
Contact Officer: Management Team  
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Wards Affected: All  
Key Decision: Yes  
Report to: Scrutiny Committee for Leader, Finance and Performance  
Wednesday 26<sup>th</sup> August 2020

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### Purpose of Report

1. This report recommends revisions to the Council's Corporate Plan 2020/21 to reflect the impact of the Covid-19 crisis. This is necessary because the Council has (and still is) undertaking additional duties at the direction of the Government, the crisis has markedly changed demand for services, and the Council's finances and capacity have been detrimentally affected.
  2. Consequently, the Council will not be able to undertake the projects and services in the way envisaged in February when the Council agreed the Plan. The crisis has been far reaching and profound and therefore, not only do we need to accept that the work planned for this year will not now be possible in exactly the way originally scoped, but also that the implications of the crisis have fundamentally changed the environment in which the Council operates. As such revisions to our Corporate Plan are vital.
  3. This report provides:
    - An initial assessment of the impact of Covid-19 on the Council, including an overview of the impact to date on the Council's resources (staff and financial);
    - A review of each of the Council's corporate priorities with proposed actions in the short, medium and longer term; and
    - Recommended revisions to the Council's financial strategy and plan for 2020/21 and subsequent years.
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### Recommendations

4. **That the Committee consider and comment on:**
  - (i) **The Recovery Plans outlined in Appendices A to C;**
  - (ii) **The advice and suggested changes to the Council's financial strategy and Medium Term Financial Plan (MTFP) outlined in Appendix D, specifically the use of reserves and revenue savings to help deal with the impact of the crisis;**
  - (iii) **The proposed Governance Review (Appendix E) and its overarching principles;**
  - (iv) **The advice about the Council's Corporate Priority Projects (CCPs) in Appendix F; and**
  - (v) **The performance of the Council during the first quarter of this year (Appendix G) and proposed changes to performance indicators as outlined in Appendix H.**

## **Context – An Unprecedented Crisis with an Uncertain Outlook**

5. The crisis has been extraordinary and has affected the whole nation in many ways. For the current officer team, the last five months has been the most demanding of their careers. In a number of speeches, the Secretary of State has paid tribute to the work of local government, underlining that staff have been the unsung heroes of the pandemic.
6. The crisis has precipitated an unprecedented level of joint work between central and local government and the latter has had a key role in the wellbeing of communities. Good examples are:
  - £10.8 billion of new grants have been paid to 880,000 local businesses;
  - £500m of hardship support has been made available to Council Tax payers;
  - 3 million food boxes have been delivered;
  - 14,500 rough sleepers have been taken off the streets and into safe accommodation and now work has begun to support them into move on accommodation;
  - Numerous risk assessments to support the safe reopening of shops, parks, playgrounds and other facilities;
  - The co-design of the Test and Trace system and Local Outbreak Plans.
7. Looking ahead, there remain many uncertainties which means this work to revise the current Corporate Plan is challenging. The trajectory of the virus is uncertain; a second spike and/or local outbreaks remain significant possibilities. To compound this, the impact of the crisis on the economy (national and local) remains unclear, though the early signs are very worrying. Consequently, further impacts on the Council; the services it needs to provide and its finances, remain unclear.
8. We can only do our best to forecast and keep these assumptions under close review during the months ahead.

## **Impact on Council Services**

9. Members have been updated on the Council's response to the pandemic in earlier reports to this Scrutiny Committee and Cabinet. Local Government has been directed by central Government to respond to the crisis and to support this an extraordinary volume of advice, guidance and information has been produced. This has included over 200 government announcements in the five months since March 2020.
10. To complicate things, this guidance has been subject to repeated revision. So responding to the crisis has not only meant officers have had to work at extraordinary pace, it also has meant there have been many complications. The overall impact of this has been to consume the capacity of officers and, of course has meant overall delivery of the Corporate Plan for 2020/21 has been negatively affected.
11. Full details of these significant additional demands have already been reported to Members but are also referred to in the Appendices to this report.
12. In spite of these challenges, the Council's performance when measured against Corporate Plan performance indicator targets in the first quarter has been reasonable. However, it is very early days and as this report makes clear, there are many challenges to come.

## **Review of Corporate Priorities to Focus on Recovery**

13. In response to the financial and service challenges which have arisen, officers have actively reviewed all aspects of the Council's 2020/21 Corporate Plan. This report contains recommendations for changes. The overriding emphasis is on reframing and refocusing the Council's activities on recovery and continued support for the effects of the crisis on Mid Sussex's communities.
14. As Members will expect, these changes have been developed using the Council's priorities and are cross cutting.
15. Appendices A to C outline this work and make specific recommendations for 2020/21 and beyond. Proposals are for the short, medium and long term. They are all important and Members will need to carefully consider them, however some highlights are below:

### **Sustainable Economic Growth (Appendix A)**

16. As outlined above, the economic impact of the crisis on this District is far from clear. However, we do know that 29% of the Mid Sussex workforce is currently furloughed. In addition, work by the ONS suggests that 24% of residents are in jobs that are most 'at risk' from the impact of the crisis.
17. Unemployment has already risen from 1.3% to 3.9% and with the end of the furlough scheme in view, it is likely this may increase further.
18. The proposals in Appendix A aim to refocus the Council's work to support the local economy. Members will note the vitally important work on developing a full fibre network within the District. The crisis has very vividly highlighted the extremely important nature of this area of activity.
19. The Council has developed a good reputation both within Government and with the Local Enterprise Partnership (LEP) for its work in this field. This work is not a statutory requirement of local government but is essential in terms of stimulating the market to invest. Indeed during the crisis itself, officers have continued to take opportunities when they arise to support this work stream.
20. A few weeks ago, the Government called for bids for capital projects to support economic recovery. The Secretary of State gave just one week for bids to be developed and submitted. This Council developed its own bid and worked with neighbouring councils on complementary bids. Our bid was successful and secured a further £3.2m for investment in full fibre spines in the District. This means a total of £9.5m will now be invested, enabling over 80kms of fibre to be installed to support innovation and business growth.
21. In addition, Appendix A includes a proposal to refocus the current Economic and Community Grants Fund towards activities to support recovery and to supplement the Fund with an additional £300k. The aim is that this funding is available to local businesses and groups this financial year. The Capital Grants Panel will develop criteria for this refocused Fund and make decisions about allocations.
22. Appendix A also repeatedly highlights the crucial role the Council's Planning service has in supporting the local economy and there are a number of important recommendations reflecting that.

## **Strong and Resilient Communities (Appendix B)**

23. The crisis has seen our communities at their best. So many stakeholders and individuals have made enormous efforts to support their family, neighbours and friends through the challenges. Going forward, Appendix B outlines how this Council can both support the communities of Mid Sussex through a refocus of its own services and support other agencies with theirs.
24. All the proposals are very important. Members will see an emphasis on how we work with the voluntary sector, how our own facilities (parks, open spaces and leisure facilities) can continue to support the wellbeing of our communities and how highly sensitive services (like our benefits, communities and housing teams) can refocus their efforts in response to the crisis.

## **Effective and Responsive Services (Appendix C)**

25. Like all organisations, this Council has experienced a radical change in the way it operates and delivers its services as a result of the crisis. There has been very significant channel shift in the way the communities of Mid Sussex wish to interact with the Council. Our staff have transitioned, very rapidly, to remote working.
26. The challenge and opportunity is to embed digital approaches and technologies so that the Council can meet the expectations of its communities, businesses and other national stakeholders. This is not simply to do things digitally but to do things differently and to do different things.
27. As outlined below and in Appendix D, the financial impact of the crisis is considerable and means (amongst many things) that we need to reduce revenue spending in order to help bring the budget into balance again. Consequently, officers have proposed that revenue savings of £1m (profiled over four years, £250k pa) are built into the revised Medium Term Financial Plan (MTFP).
28. Appendix C outlines the work planned to contribute to these savings but also the tremendous opportunities the radical change in the way the Council works present for staff and the services they provide.
29. The proposals address four key issues. How does the Council:
  - (i) Change its operating model and methods of working to benefit from recent learning and deliver efficiencies?
  - (ii) Become more responsive to its environment, learn, adapt and develop services faster as expectations and needs change?
  - (iii) Become more efficient and effective in how it delivers services to residents, customers and businesses?
  - (iv) Deliver the change required while also responding to the financial challenges?
30. This work is bold and will require sustained effort and capacity from the officer team. In addition, external expertise will be needed and consequently a reserve of £300k is proposed to kick start this work this financial year.

31. In addition, it is worth highlighting the plans to improve the design and delivery of a number of the Council's services in the light of the Covid-19 crisis (both its impact to date and its anticipated future effects). This includes the proposal (Appendices C and F) concerning the Council's waste services. Members will recall a pilot of a food waste service was planned for this year.
32. The impact of the crisis on this Council, the County Council and Serco has been significant. In addition, social distancing means much of the work planned could not be undertaken. However, the positive view the Council had about the introduction of a food waste service was very clear and so it is proposed that its introduction, District wide, be considered as part of a service redesign and brought forward for consideration by Members in the usual way.

### **Financial Independence (Appendix D)**

33. As Members already know, the financial impact of the crisis on the Council's position is very significant. Appendix D highlights that the estimated net cost to the Council, to date, is **£8.3m** over the life of the MTFP.
34. Sadly, this undoes so much of this Council's careful work over the last 10 years to develop its financial independence and resilience.
35. The leisure contract has presented particular challenges. These have already been debated by both Cabinet and Council (19<sup>th</sup> August 2020), so Members are well aware that this is the single biggest financial impact within the Council's MTFP.
36. The Government has offered some support during the crisis. Three tranches of funding have so far been received, totalling £1.6m. In addition, the Secretary of State announced further support for councils like Mid Sussex that have experienced very considerable loss of budgeted income.
37. Officers estimate that this scheme could provide £2.3m of support during the current year. This has been taken into account in the **£8.3m** net costs outlined above; without this the financial impact of the crisis on the Council would be considerably worse. However, as Appendix D makes clear, the Government's scheme is only currently in place for this financial year, so whilst it is certainly very helpful, there is considerable work needed over the next few years to restore the Council's finances to those it had pre-Covid.
38. The proposed strategy to achieve this is:
  - (i) Use of reserves to offset the budget impact in 2020/21;
  - (ii) Use of reserves over the following 4 years too but reducing as (it is hoped) income recovers; and
  - (iii) Revenue savings of £1m over 4 years (see above and Appendix C).

### **Governance (Appendix E)**

39. The changes to the Council's operations as a result of the crisis have of course also affected its governance. Appendix E reminds Members about how the Council's governance is structured and operated.

40. The very serious financial implications of the crisis and all the work anticipated in Appendix C is focused on improving efficiency and agility in the light of reduced resources and changing expectations. This process must apply to the Council's governance too.
41. Consequently, Appendix E recommends an expert, external review is commissioned with a view to its findings being considered by Council in time for implementation early in 2021/22. All Members will be involved in this work. Some suggested principles to guide this review are included in Appendix E.

### **Review of Council Priority Projects (CPPs) (Appendix F)**

42. The Council Priority Projects (see current Corporate Plan 2.4, pp4-6) were highlighted because they are projects which directly support the Council's priorities, involve multiple services and stakeholders or have additional budget needs.
43. The CPPs have been reviewed as part of the work outlined in this report. It challenged the need and nature of the work given the radically changed landscape, post Covid. It has also taken into account the Council's detrimentally affected financial position.
44. It is proposed that all the CPPs are retained for the remainder of this year, though some adjustments are needed. Full details are included in the Appendix F.

### **Council Performance and its measurement (Appendix G)**

45. Appendix G shows the Council's performance in Quarter 1 (April to June 2020) using the existing suite of performance indicators. It is reasonable.
46. Officers have reviewed the Council's performance indicators and targets to take into account the impact of the pandemic to date and going forward. Adjusted targets are proposed where services have been affected by service interruption and operational change in response to Government guidance, and where it has been necessary to prioritise available capacity in response to new and increased workload.
47. For some indicators, where the impact of Covid-19 is ongoing and unpredictable, it is proposed that performance is monitored but that no specific targets are set. Examples of this include the performance indicators for homelessness and use of temporary accommodation, where Government directions such as extending the provision of temporary accommodation to all homeless households makes the setting of targets impractical and unhelpful.
48. Appendix H identifies the indicators where changes to the targets for 2020/21 are proposed with an explanation for each suggested change. The appendix also confirms the great majority of indicators and targets for 2020/21 where no changes are considered necessary.

### **Next Steps**

49. As Members are aware, revising the Corporate Plan mid-year is unprecedented. However, a similar, robust process to that used for our conventional Corporate Plan and Budget is underway. The proposals in this report will be considered by the Scrutiny Committee for Leader, Finance and Performance on 26<sup>th</sup> August 2020 and thereafter Cabinet (14<sup>th</sup> September) and Council (30<sup>th</sup> September 2020).

## **Financial Implications**

50. The Council sets its service and financial plans and Council Tax levels each year. This report is required because of the exceptional circumstances being faced by the Council as a result of the Covid crisis. It provides advice to Members on how the Council might respond to the challenges it faces. Appendix D contains detailed advice on the impact of the crisis on the Council's finances.
51. Please note, as with normal Corporate Plan and Budget proposals, if Members are not supportive of any particular element(s) of the package, alternative item(s) achieving at least the same financial impact must be agreed.

## **Risk Management Implications**

52. The strategic risks associated with the delivery of the proposals within this revised Corporate Plan will be considered in full in the usual way as part of the Council's strategic risk management processes. Like all organisations, the Council is facing considerable uncertainty as a result of the crisis. Planning in such unprecedented and uncertain times, is very difficult. This report contains the best advice officers are able to give at the time of writing.

## **Equalities Implications**

53. As in previous years the various proposals contained in this report are subject to consultation and equalities impact assessments where this is appropriate. The purpose of the assessment is to determine whether it is likely that there would be a negative impact on any protected groups as a result of any service changes and if so to consider whether these can be mitigated or under the proposal should be changed or dropped.

## **Background Papers**

- Report to Scrutiny Committee for Leader, Finance and Performance on the Draft Corporate Plan and Budget 2020/21 – 15<sup>th</sup> January 2020
- Report to Council on the Corporate Plan and Budget 2020/21 – 4<sup>th</sup> March 2020
- Report to Cabinet on the impact of Covid-19 on the Council - 1<sup>st</sup> June 2020
- Report to Scrutiny Committee for Leader, Finance and Performance on the financial impact of Covid-19 on the Council - 17<sup>th</sup> June 2020