

Report to: **Cabinet**

Date: **3 August 2004**

By: **Chief Executive and Chief Officers**

Title of report: **Reconciling Policy and Resources – State of the County 2004**

Purpose of report: **To enable Cabinet to consider Policy and Financial Planning guidelines for 2005/06 and beyond.**

RECOMMENDATIONS

The Cabinet is recommended to:

- 1. note the report; and**
 - 2. set initial financial guidelines and recommend the County Council to agree the policy steers (Appendix 3) as the basis for the Reconciling Policy and Resources work for 2005/06 and beyond.**
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1. Financial Implications

1.1 The report will enable the Cabinet to set Policy and Financial Planning guidelines as the basis for the Reconciling Policy and Resources work for 2005/06 and beyond.

2. Policy Context

2.1 Appendix 1 sets out an overview of the national policy context within which the Council's priorities and financial targets need to be agreed.

3. Financial Context

3.1 A financial overview is set out in Appendix 2 including a commentary on the recent Spending Review announcements as well as local spending pressures. In terms of the Spending Review, as feared, the financial position outside schools will be difficult, particularly over the medium term.

4. Policy Steers 2005/06

4.1 In addition to understanding the national context, a core element of the Reconciling Policy and Resources Initiative is the Policy Steers set by County Council for both the whole Council and for each portfolio. When the Policy Steers were set two years ago it was clear that they represented a medium-term strategy and a statement of priorities to guide the business planning processes of the Authority. It is, therefore assumed that they are unlikely to change significantly except where short-term milestones have been included. Appendix 3 sets out the Policy Steers.

5. Strategic Performance

5.1 Appendix 4 sets out an overview of performance management at East Sussex County Council and sets out the key performance issues for the Authority.

6. Strategic Risk

6.1 Appendix 5 provides an overview of the key strategic risks facing the Authority which will need to be considered as future plans and targets are developed.

7. Next Steps

7.1 Once County Council has agreed the formal planning guidelines, the Reconciling Policy and Resources process will ensure the Policy Steers are worked up into practical programmes of actions with appropriate resources and clear targets for when and how they will be completed.

7.2 In agreeing improvement areas within each portfolio and setting specific targets, careful consideration will need to be given to current performance, the Comprehensive Performance Assessment (CPA) and Public Service Agreement (PSA) targets. Information about performance and PSA targets is clearly laid out in the current Council Plan and further information (including external comparators) will be provided as it becomes available. The pattern of 2 x 2 meetings, discussions by Cabinet Briefing, reports to Cabinet and County Council and consultation with partners, with which Members are familiar, will lead to the production of the detailed Council Plan for 2005/06.

7.3 The Deputy Leader has indicated that he will table proposals at the meeting. The Cabinet will need to view the issues in the medium term as well as considering issues such as the following in respect of next year:

1. council tax planning assumption;
2. policy priorities;
3. relative priorities/protection;
4. areas for investment and improvement;
5. consequent level of efficiencies and other savings to be modelled.

8. Communications Plan for Reconciling Policy and Resources

8.1 Raising the profile of the Council's priorities and policy steers is a key aim of the whole Council. The corporate Communications Team is playing a key role in this by highlighting these in the Council's residents' magazine 'Your County' as well as on the Council's website and through the media. Work is also about to start on exhibition material that will highlight Council priorities. As in previous years, a specific Communications Plan will be developed for the ongoing Reconciling Policy and Resources initiative, which will include public consultation and will cover a range of audiences from residents through to staff and partners.

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Cabinet – 3 August 2004

Agenda Item 6

Reconciling Policy & Resources

Motion to be moved by Councillor Reid

The Cabinet is recommended to:

1. note the report;
2. recommend the County Council to agree the policy steers (Appendix 3) as the basis for the Reconciling Policy & Resources work for 2005/06 and beyond;
3. request portfolio holders and chief officers to develop their service plans and to model the consequent savings proposals, on the basis of the initial financial guidelines, set out in Annex 1, and summarised as follows:
 - a. fully 'passport' to schools;
 - b. standstill less 0.7% efficiency savings for Social Services;
 - c. standstill less 1% efficiency savings for
 - Libraries and Arts
 - Highways Maintenance
 - d. Standstill less 5% savings for
 - Chief Executive's Department
 - Corporate Resources
 - Education LEA Block
 - Transport & Environment (excluding Highways Maintenance and Waste PFI)
 - Other Waste costs (excl. Waste PFI)
4. ask portfolio holders to maximise procurement and other efficiencies;
5. note that the development of the guidelines will be monitored through the 2 by 2 process and any revisions to the guidelines will be considered during the year in the normal way;
6. authorise the Deputy Leader to begin the process of communication and consultation regarding Reconciling Policy and Resources for next year; and
7. note that it is anticipated that scrutiny involvement in the process will be in line with the successful approach adopted for 2004/05 and the Deputy Leader will consult on how best Scrutiny can assist in the review of efficiencies.

National Context

1. Regional Government

1.1 The draft Regional Assemblies Bill was published on 22 July. At the same time, the Government announce that referendums on elected regional assemblies in the North West and Yorkshire and the Humber would be rescheduled from the proposed 4 November date, following concerns expressed about postal voting in these areas. Referendums in the North East will go ahead on 4 November because the Government believes that there is strong support for all-postal voting in the region. The Bill will not be introduced to Parliament until a region has voted for an elected assembly.

1.2 The Boundary Committee has been working on proposals for the pattern of unitary local government in the two tier areas of the regions affected by referendums. It made its final recommendations to the Office of the Deputy Prime Minister (ODPM) on 25 May. The Committee was charged with putting forward at least two options in each of the County areas affected. In each case a County unitary and an option based on combinations of district councils has been put forward. The population of the smallest proposed unitary authority is 131,000.

1.3 The draft Bill proposes a broad general purpose for elected regional assemblies to promote economic and social development and to improve and protect the environment. Assemblies' powers would be limited to prevent them from dealing in "policy areas of England wide importance (such as the National Health Service and education)". The Bill gives such assemblies a greater say in the activities of some quangos and would transfer some functions currently carried out by Government Regional Offices to the Assembly. The Government says regional assemblies would generally not remove responsibilities or powers from local authorities, duplicate or cut across the existing statutory functions and powers. It is therefore considering what restrictions would need to be included in any version of this Bill introduced to Parliament to prevent elected regional assemblies from providing education, health services, social services, children's services or social security schemes. The Government does not intend that these restrictions should prevent elected assemblies from working in partnership with organisations which do provide such services, where this would contribute to mutually-agreed priorities.

1.4 Elected Regional Assemblies will have three "functional bodies": the Regional Development Agencies; regional cultural consortia and regional fire and rescue services. In addition, elected regional assemblies will take over the administrative functions currently delegated to the Government Offices in the regions for future European regional structural funds programmes (although the ODPM will continue to be the managing and paying authority) and the work of the Government Office and the strategic and resource allocation roles of the local office of the Housing Corporation in relation to housing. Regional assemblies will continue to be responsible for regional special strategies and will produce a regional transport strategy as part of that strategy.

1.5 Assemblies would have 25 to 35 elected members who would be elected under a system of proportional representation (the 'Additional Member System'); this would provide for some members to be elected for constituencies in the region and some members elected across the region as a whole. Most functions would be carried out by a small executive, made up of between three and seven elected members. The leader would be chosen by the assembly as a whole and the other executive members would be selected by the leader. The executive would be monitored, scrutinised and held to account by the 'backbench' members, largely through the review and monitoring committee. The current regional assemblies have representation by "community" and economic partners. The Government intends that elected assemblies should have a duty to continue to engage with such "stakeholders" and that this should go beyond simple consultation, by, for example: appointing them as full members of review and monitoring committees; appointing them as policy advisors; and establishing a regional partnership forum to bring stakeholder organisations together (perhaps similar to the Civic Forums established in Scotland and London).

Assemblies would have around 200 staff (excluding those working for Assemblies' "functional bodies") some of whom would be "inherited" from other bodies such as Government Offices

1.5 Although the Government intends that Assemblies will be funded mainly through Government grant, assemblies will be able to precept on Council Tax, subject to a capping regime.

1.6 The Government has said that it has no plans to reorganise local authorities outside areas where people have voted for a regional assembly and there is no timetable for referendums outside the north at present. The Government feels, however, that it has detected enthusiasm for unitary government in the exercises that the Boundary Committee has been carrying out in the north. This, coupled with its drive towards efficiency, the perceived need for more joint procurement agreements between tiers and fewer Councillors (see below) may lead to a more general push towards local government reorganisation following the next general election if a Labour Government were to be returned.

2. Efficiency Review: Releasing resources to the frontline

2.1 In October 2003, the Government launched an efficiency review of public services as part of the 2004 Spending Review. The review has two aims:

- to release major resources into frontline services that meet the public's highest priorities out of activities which can be undertaken more efficiently; and
- to reduce the bureaucracy faced by frontline professionals and free them up to meet the needs of their customers better.

2.2 A number of areas were identified as priorities for action and many of those will impact on local government. These include:

Procurement - more collective and professionalised purchasing across the public sector.

Back office functions - (such as HR, finance, ICT, and estate management) and opportunities for greater efficiencies, especially through economies of scale.

Policy, funding and regulation of devolved public services – reducing the bureaucracy imposed on frontline providers.

2.3 A summary of the issues in relation to each of these areas is set out below. Overall, it is clear that the scale of "efficiency" savings expected by Government goes way beyond that possible from simply more efficient "back office" functions.

Devolved Decision Making Review

2.4 The Government has embarked on a review of devolved decision making at the regional and local level. The review stems from an acknowledgement that Government departments have set too many and too prescriptive targets for all local delivery agencies, coupled to too many specific funding streams, in pursuance of their Public Service Agreements with the Treasury. The Treasury is leading work with the ODPM to persuade Departments to set few, outcome focused national PSA targets and to allow more freedom about how they are funded and delivered, taking account of local circumstances and priorities.

2.5 As part of this work, the Government has begun a dialogue about a vision for the future of local government leading to a new strategy for local government to be published next year. It is seeking to agree: better outcomes for people and places; a long term vision for the future of local government; and a new settlement between central and local government. The strategy will include a vision for its future organisation: at regional, local and neighbourhood level.

2.6 The Government's premise appears to be that local government has not made improvements to local services commensurate with the investment made by Government, that there are too many councillors and that they are not fulfilling the community leadership role envisioned by the Local Government Act 2000.

2.7 The Treasury and ODPM are seeking an enhanced role for Government Regional Offices in directing and monitoring performance, whether or not elected regional assemblies are created. The language used in the various documents produced by Government departments, and the various proposals for the establishment of single service boards, suggests a view in Whitehall that local government should have some kind of influencing and community leadership role, rather than be responsible for direct service delivery.

2.8 The thrust of the work emerging from the efficiency review and signals about the enhanced role of Government Regional Offices may well be heralding a significant challenge for local government, which could well be faced with a significant loss of function as well as another national reorganisation.

Procurement and Back Office Functions

2.9 As a result of the Byatt Taskforce's report *Delivering Better Services for Citizens*, published in June 2001, Regional Centres of Excellence in procurement have been established. Kent County Council is the Centre of Excellence in the South East. The core functions of a Regional Centre of Excellence in Procurement include:

- analysing the current procurement practices, expenditure, and contractual arrangements of authorities in the region;
- establishing the Centre of Excellence as a sustainable corporate entity, conforming to a common national governance structure, and as a partnership between authorities in the region;
- developing a Centre of Excellence serving the needs of all councils in the region, based upon an analysis of their size, CPA rating, state of readiness in the implementation of the National Procurement Strategy for Local Government;
- communicating and embedding in the region, the key messages and programmes under the National Procurement Strategy for Local Government;
- disseminating good practice in procurement, project management and partnering in the region, working with central agencies as appropriate;
- providing high quality procurement advice to authorities in the region including, in particular, smaller authorities without procurement resources of their own;
- promoting collaborative procurement where this could lead to improved value for money in the acquisition of assets, services and supplies;
- developing, managing and co-ordinating a pool of experienced procurement professionals and project managers to be shared between authorities in the region; and
- gathering market intelligence and disseminating it in the region.

2.10 This work was in hand before the Gershon efficiency review was begun in central government. It does, however, fit well with the view that appears to be emerging from Gershon, that many local authorities are too small to carry out an effective procurement function and that there are significant savings to be made from more joint procurement of back office functions in particular. Whilst this is an area in which local government has lessons to teach central government in terms of market testing and out-sourcing, it may be another area in which creeping regionalisation is becoming evident.

3. Balance of Funding Review

3.1 The Government has now announced the results of the study it commissioned into the Balance of Funding. This is dealt with in more detail as part of Appendix 2 but in short, in announcing the results of the first study the Government has also announced a further independent study that will not report until the end of 2005 at the earliest. There will be no changes, therefore, before that time and in all likelihood any changes will be timed to coincide with the planned revaluation of council tax bands. The study is expected to take this further into account as well as possible 'regional assemblies'.

3.2 Despite establishing, and chairing, the production of the first study, the Government are keen to emphasise that this is a report 'to' rather than 'by', government. The report does appear,

however, to signal retention of council tax in some modified form as well as return of business rates to local councils as well as further exploration of alternative or additional local tax raising schemes including local income tax. The modifications to council tax seem highly likely to include increased numbers of bands, particularly for higher value properties.

3.2 While Government seems keen to stress that any modifications to council tax will not be intended to increase the local burden, nationally, it needs to be recognised that any changes can have markedly different impacts in different parts of the Country. For East Sussex, because of our relatively high house price inflation but relatively low disposable income – changes in both bands and valuation are likely to affect us adversely.

3.4 It is regrettable that there is further delay but also, and more importantly, it is regrettable that the initial study, has not really addressed issues of the 'Balance of Power' which should inform any changes in the 'Balance of Funding'.

4. Spending Review

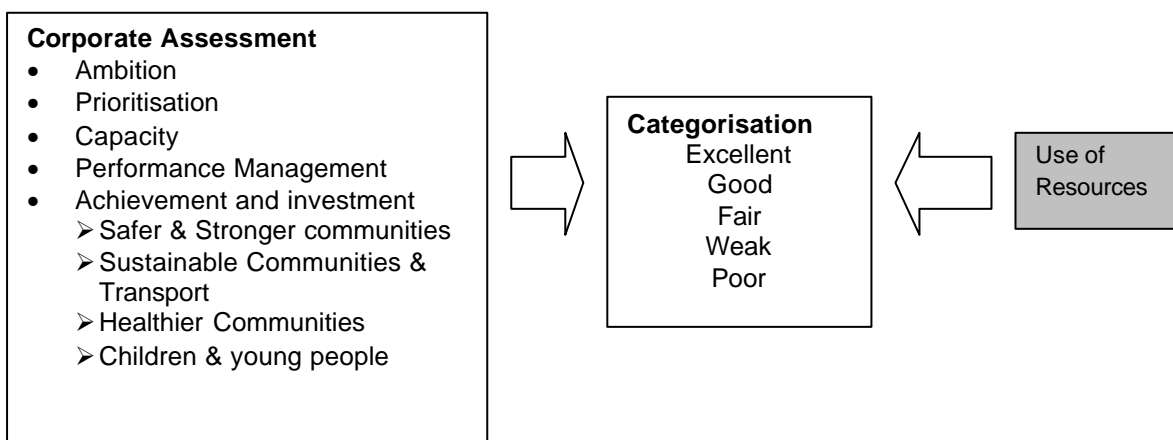
4.1 The Spending Review 2004 is dealt with in Appendix 2. In short, the position outside schools, in comparison with core service pressures looks difficult next year but also particularly over the medium term. Within schools, the Spending Review signals fundamental changes in school funding (and other issues) from 2006/07 onwards. From the governments own figures, the implied increase in council tax just to meet planned increases in Formula Spending Shares is some 6.7% for next year.

4.2 It is too early to assess the specific outcomes for East Sussex but regardless of the headline increases at the national level, the Council is very likely to be subject to minimum "floor" increases in its grant over the medium term.

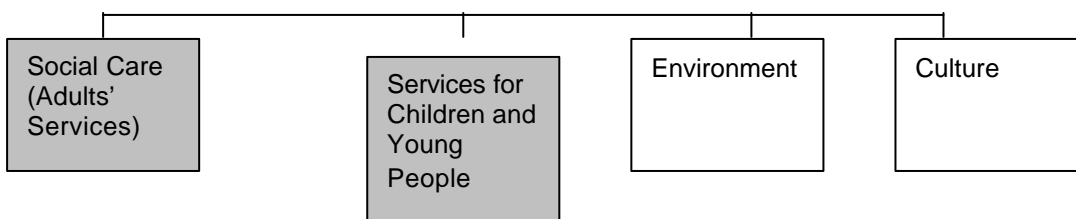
5. Comprehensive Performance Assessment

5.1 The Audit Commission has announced the architecture for the Comprehensive Performance Assessment from 2005 onwards (see diagram below). Although it will be carrying out more detailed consultation on the Corporate Assessment and Use of Resources elements and a separate consultation is currently underway on joint inspection of Children's Services. The Commission has yet to produce a timetable for inspections, as it is still trying to resolve the issues of timing between Joint Area Reviews as part of the new Children and Young People service and the Corporate Assessment block of the CPA.

Focus on citizens and community leadership



Direct service delivery for users





Level 1 Services

5.2 Some key issues emerge from the proposed architecture. These are: the drive for a better measurement of cost effectiveness across all service blocks, but in the Use of Resources block in particular; the expectation that the Corporate Assessment will look at councils' ability to work in partnership and across departmental boundaries to provide customer focused services; and a general heightening of the barriers to the good and excellent categories. The "Achievement and Investment" scored theme, which had the highest weighting in the previous Corporate Assessment, will look at councils' achievement under four categories: - safer and stronger communities; sustainable communities and transport; healthier communities and children and young people. The Commission will be looking for evidence of outcomes for local people in these areas, delivered in partnership with others, particularly through the auspices of Local Strategic Partnerships.

6 Children Bill

6.1 The Children Bill is expected to be enacted next year and includes new duties on councils to ensure local co-operation to improve well-being of children (including the pooling of budgets), to make arrangements to safeguard children and promote welfare, and proposals for information sharing and Local Safeguarding Boards. The bill requires councils to appoint both a director and lead member responsible for children's services, with flexibility for councils to decide how this will be implemented locally. By 2008, councils and primary care trusts will have to establish children's trusts to co-ordinate local child welfare services - including health, careers advice, early years and possibly youth justice. There are already 35 pilot trusts in development.

7. Second Generation Public Service Agreements (PSAs)

7.1 The main developments from the current PSAs for second generation PSAs (in East Sussex this would run from April 2006 to March 2009) are:

Focus on local priorities for improvement

7.2 An authority's choice of coverage for targets will depend on the priorities for improvement locally. Priorities will be derived from evidence, such as the community strategy and the improvement plan following from the Comprehensive Performance Assessment. What matters most is that central and local government and all relevant partners agree that the evidence points to the identified areas as the priorities for improvement locally through the local PSA, and that they can all work together to achieve the agreed outcomes.

7.3 The East Sussex Strategic Partnership (ESSP) were involved in developing the targets for our first PSA so this development for round two, will already be familiar to East Sussex.

Focus on partnership working

7.4 There will be a requirement to involve districts and boroughs formally and again this was something East Sussex did in round one.

Better partnering by central Government

7.5 The experience of the first round of PSAs showed that government departments found some difficulty in responding creatively, which discouraged authorities from devoting more effort to proposing radical ways of improving performance. Ministers want departments to renew their efforts more broadly, so that authorities are prepared to make proposals that will bring about much greater improvements in performance on the priorities for improvement locally.

7.6 Significant improvements in performance usually need a marked change in the way a service is delivered, rather than "more of the same". At their best, the original local PSAs showed

what could be achieved through innovation. The Government is keen to encourage fresh thinking that will bring about such improvements. It is, again, asking authorities to identify freedoms and flexibilities in statutory and administrative arrangements that would make a much greater improvement in services possible.

Improvements covering a wide area

7.7 In a few services, such as public transport in conurbations, authorities have felt that substantial improvements are possible only if there is concerted action across several authorities' local PSAs. The second generation of local PSAs will experiment with arrangements that would make such targets possible, notwithstanding some practical difficulties related to timing.

Improvements over time

7.8 The original local PSAs tended to focus on performance in the final year of the agreement. Experience has shown that this is not always the best focus. The total performance over the period of an agreement may often be more relevant and representative of what has been achieved for people. In addition, sometimes performance over a longer period may be a better focus, where the benefits of radical improvement will not be seen quite so soon. Proposals that are more varied in timing could be considered in piloting the second generation of local PSAs.

8. Community Planning

8.1 The Local Government Act 2000 requires all local authorities to work in partnership to produce a Community Strategy to improve the economic, social and environmental well-being of their local area.

8.2 The six Local Strategic Partnerships (LSPs) in East Sussex (one for each district and borough and one countywide) have produced community strategies for their area and most are in the implementation phase.

8.3 Community strategies are being used increasingly to measure the performance of local authorities in terms of sustainable development and community leadership and will be a key factor in future Comprehensive Performance Assessment.

9. Local Public Service Boards

9.1 The idea of Local Public Service Boards (LPSBs) has been developed through the Innovation Forum of "Excellent Councils, and is aimed at producing 'LSPs with teeth'. Although the idea has been discussed with Government, it has not been endorsed by it. It would, however, fit with ideas for devolved decision making. There is no single model for such boards, but a recent prospectus produced by the LGA and IDEA suggest a number of key elements which could be brought together to achieve stronger partnership working in an area. These include:

- drawing up, negotiating and delivery of a set of localised targets linked to national and local priorities (normally in the form of a LPSA or potentially a local area agreement), within the wider framework of the local community strategy;
- bringing together the key decision-makers in a geographic area, in a way that is visible, meaningful, and accountable to local people and which delivers improved public services;
- overseeing public expenditure in the locality, and to manage relevant budget streams through joint planning and resource allocation, for the better achievement of shared priorities and more efficient service procurement;
- the exercise of a leadership and governing role, identifying and articulating the needs and aspirations of local people, reconciling competing interests, steering collective partnership capacity, and harnessing community support for an agreed set of goals; and
- acting as an agent for the transformational change to embed new forms of public service delivery

9.2 Core membership of the board would include those with executive decision-making responsibilities for the allocation and management of major public expenditure streams within the geographic area in question. There will be variable factors that determine this, including the population size of the area, co-terminosity with other agencies' boundaries, and whether local government in the area is single or two-tier. The involvement of the not-for-profit and community sectors would build on experience to date, seeking to embed what has worked well but also to recognise that the 'one-size fits all' approach to models of community engagement has its limitations. LPSBs will need to work within the strategic framework set by a broader and inclusive LSP, with a variety of means of ensuring effective community engagement. The board will therefore need to be of a manageable size, and with a broad parity in what board members would bring to the table in terms of resources, decision-making powers, or other influence within the locality. Chairing of board meetings would be a matter for local decision, but there would be an expectation that the leader of the council would undertake this role (at upper tier level in two tier areas).

10. Five year strategy for children and learners

10.1 The Government has announced its five year strategy for children and learners which on the face of it will take more schools out of local authority control. The main points of the review by education sector are set out below.

Early years and primary education

10.2 The strategy introduces a range of initiatives on early years and primary education, many of which are already proposed or in place. These include: Children's Centres, offering a one-stop shop for childcare, education, health, employment and parenting support; a flexible system of 'educare' that joins up education and provides some free support for three and four year olds before they go to school, with more choice for parents about when they use it; the development of dawn to dusk schools, with breakfast childcare and after school clubs and Children's Trusts, bringing together all those who provide services for children and families in each local area. The strategy also proposes more primary schools to work together in networks to support each other, challenge failure, and help to improve each other. Poor schools are to be turned around quickly or closed.

Secondary education

10.3 The strategy proposes guaranteed three-year budgets for every school from 2006, geared to pupil numbers, with every school also guaranteed a minimum per pupil increase each year. Whilst these budgets will be delivered through Councils there will be no local discretion over the allocation of the total resource to schools. It is not clear to what degree there will be any local element to the funding formula.

10.4 Every school will be able to become a specialist school with a mission to build a centre of curriculum excellence. High-performing specialist schools will have the chance to become training schools or leaders of partnerships; those without sixth forms will have new opportunities to develop sixth form provision.

10.5 All secondary schools, except those which are failing, will be able to own their land and buildings, manage their assets, employ their staff, improve their governing bodies, and forge partnerships with outside sponsors and educational foundations. Schools will be able to exercise this right by a simple vote of their governing body, following a brief period of consultation. A strict national requirement for fair admissions will remain; and no extension of selection by ability, which denies parents the right to choose will be allowed. There are question marks around issues such as whether the debts attached to assets – such as private finance initiative for new builds – will be transferred to schools as new owners, and a wide range of issues surrounding insurance and indemnity.

10.6 More places will be provided in popular schools. There will be no 'surplus places rule'. All

successful and popular schools may propose to expand. The Government has introduced dedicated capital funding and rules to encourage this, and to allow expansion in all but exceptional circumstances. There will be a fast-track to expansion so there are more places in popular schools, and the Government will mandate competitions for new schools which will enable parents' groups and others to promote schools, including smaller schools. This will enable successful schools to establish and manage entirely new schools and federations. However, individualised admission policies risk more parents not being able to get children to their local schools or school of choice.

10.7 A 'new relationship with schools' is proposed to cut the red tape. Inspection, accountability and intervention to tackle failure will continue, but it is proposed that they will be of high quality and involve minimal bureaucracy. The Government proposes halving the existing inspection burden on schools, without scrapping the expectation that schools must constantly improve and will replace the existing system of council 'link advisers' with a single annual review carried out by a 'school improvement partner', usually a serving headteacher from a successful school. In cases of failure, intervention will follow as necessary. High-performing schools will only undergo the formal review once every three years.

10.8 The strategy proposes 200 independently managed academies will be opened or in the pipeline by 2010 in areas with existing secondary schools that are inadequate. Some will replace under-performing schools; others will be entirely new, particularly in London where there is a demand for new school places. The Government expects around 60 new academies in London by 2010.

10.9 The strategy also proposes refurbishing or rebuilding every secondary school to a modern standard over the next 10 to 15 years. 'Building Schools for the Future' aims to give every school buildings, facilities and information technology. It also aims to drive reform in each locality, including the expansion of popular schools, the closure of failing schools, and the establishment of new schools and sixth forms.

10.10 Foundation partnerships are proposed to enable schools to group together to raise standards and to work together to take on wider responsibilities – in areas such as provision for special educational needs or hard-to-place pupils. This new system of independent specialist schools will be underpinned by a "new role for councils", as champions of parents and pupils, acting as strategic leaders of education in their area - (a role Councils already perform under the Local Government Act 2000).

10.11 Many aspects of the strategy are actually already in place and, of course, there will be a General Election before many of the new elements are enacted, and that might lead to other policies being established.

Spending Review 2004

1. At the national level, the last year of the 2002 Spending Review (SR) was 2005/6. The Government's 2004 Spending Review (SR 2004) has now determined new Government Departmental spending plans for 2006/07 and 2007/08 and has, very largely, maintained the spending totals for 2005/06 set out in the 2002 Spending Review. It also included a new set of Public Service Agreements. The Spending Review was presented to Parliament by the Chancellor of the Exchequer on 12th July 2004. It includes the Government's efficiency review, which impacts across all public services with a headline issue on the reduction of civil service posts. The key issues for local government are set out below.

2. The formula grant for councils will grow by 2.7% (above inflation) annual average over three years and three year revenue and capital settlements will be introduced, following consultation, from 2006/7. The Local Government Association has calculated the figures below based on the Government's plans. (The implied increase in council tax, just to spend at Formula Spending Share (FSS), is 6.7% for 2005/06.)

	<u>2005/6</u>	<u>2006/7</u>	<u>2007/8</u>
Formula Spending Shares (FSS) – total	5.8%	5.5%	5.1%
Net Aggregate External Finance – grant	5.4%	5.5%	5.1%
Locally Financed - council tax	6.7%	5.5%	5.1%

Relevant service specific increases (FSS)

	<u>2005/6</u>	<u>2006/7</u>	<u>2007/8</u>
Education	5.9%	6.8%	6.0%
Children's Social Services	7.5%	7.5%	4.6%
Personal Social Services	9.9%	4.0%	4.4%
Highways Maintenance	2.5%	0.0%	0.0%
Environmental Protective & Cultural Services (EPCS)	0.6%	3.5%	3.7%
Capital Financing	16.7%	10.1%	9.0%

3. The Government's plans are predicated on efficiency savings of 2.5% p.a.; delivering £6.45 billion of efficiency and productivity improvements by 2007/8 with the aim of releasing resources to front-line services. 'Savings' are expected as follows:

- 40% delivered through schools;
- 10% delivered through policing; and
- 35% delivered through procurement in other services (adult care, housing, children's services, highways maintenance and waste).

Further savings are 'expected' through rationalisation of council back office functions, transactional services and productive time of staff.

4. In respect of Education, for 2005/06, the current 'passporting' arrangements will apply and it is expected that the level of the minimum per pupil funding increase will be broadly similar to the current year. In value terms, for East Sussex, the passported increase to schools required will be £7.5m to £8.0m. This is less than the level required in the current year due to reductions in pupil numbers. Again we expect Formula Grant to at least match the schools passporting requirement. The minimum funding guarantee is expected to contain some additional uplift to reflect support for primary schools arising from the national agreement on workforce reform. The second year of the transitional grant will be delivered as promised (at £1.6m for East Sussex).

5. From 2006/07 onwards the Government intends to introduce a 'guaranteed' 3 year budget for every school but aligned with the school year and a 'ring-fenced' grant.
6. The Office of the Deputy Prime Minister (ODPM) will receive £50m to support the development of leadership and corporate capacity in local government. This will fund: the local government leadership centre; cross-cutting national programmes; spread best practice; and develop the role of the ODPM's Regional Directors of Practice. £25m will also fund Regional Centres of Excellence [procurement].
7. There will be increased freedoms and flexibilities for fair, good and excellent local authorities through new trading powers from September 2004, allowing trading in efficient services.
8. ODPM and Home Office funds will be rationalised into a single Safer and Stronger Communities Fund, including Neighbourhood Wardens funds; local areas will be able to decide how to spend against a group of nationally set outcomes. 5,000 additional Community Support Officers and Neighbourhood Wardens are to be funded.
9. A Green Paper will be published on the reform of services for young people proposing to extend the support provided to troubled teenagers at risk of re-offending.
10. The Adult Social Services budget is to increase at 2.7% p.a., in real terms, to 2007/08, in particular to improve care for the elderly. £60 million over two years will be provided to fund 20 joint projects between councils and the NHS to provide seamless care arrangements and measures to reduce hospital admissions. £80 million is proposed over two years to enable councils to install smart alarms, helping older people to live at home.
11. Local Area Agreements are proposed to provide a single framework for additional funding linked to central and local priorities and help achieve efficiencies in central and local government and devolve decision-making to the most appropriate level. These will involve Government departments, local authorities and local partners (including voluntary and community sector). This is part of the ODPM's long-term strategy for local government and will be piloted in each region during 2005/6.
12. The Neighbourhood Renewal Fund will continue, with minimum standards for service delivery to be cascaded to Local Strategic Partnerships. There will also be a doubling of Government grant to allow local authorities to carry out emergency planning in response to the threat from international terrorism.
13. Some £150m has been allocated for infrastructure investment in support of future housing growth plans.
14. The Chancellor also announced that the ODPM will move towards setting three year grant allocations for local authorities from 2006/07 onwards. Further detail is awaited on this development and, indeed, on the more comprehensive picture for local authorities.

Comment on SR 2004

15. Overall it remains the assessment that funding compared to core service spending pressures – other than for schools – will be very difficult, particularly for 2006/07 onwards. Regrettably this is as expected. It has to be recognised that funding growth outside schools, overall and in cash terms, will be positive but the rate of planned growth is significantly less than previous years and indeed, in some cases, the Government is indicating zero to negligible cash growth from 2006/7 onwards. The claimed efficiency savings appear to be formulated to help offset this shift in the grant profile. On initial inspection the level of expected 'efficiency savings' do not seem realistic in the light of cost pressure experience on, for example, social care, waste, highways and transport. In other cases it is not yet clear how such savings are actually delivered in

practice (e.g. '40% efficiency savings in schools'). This council will, however, wish to maximise efficiencies and lower impact savings in line with its Council Plan aims.

The LGA have calculated that, in line with the Government's own figures the level of council tax increase required to fund just the proposed FSS increases are 6.7% (05/06), 5.5% (06/07) and 5.1% (07/08). In reality, cost pressures will exceed the FSS increase allowed in some significant areas. This would put even greater pressure on the levels of council tax increase implied in the settlement.

16. Other specific issues arising from the SR 2004 can be summarised as follows:

- (a) zero cash growth in highways maintenance funding (via revenue) from 2006/07 onwards. More generally, the position for Transport could be difficult once national support for rail and major road schemes is considered;
- (b) the approach to waste costs is completely unrealistic. (There is no separate FSS block for waste; instead it forms part of EPCS.) EPCS is only forecast to grow by 0.6%, in cash terms, in 2005/06 and by 3.5% in 2006/07 and 3.7% in 2007/08. This does not reflect current pressures but the Comprehensive Spending Review (CSR) indicates additional costs through the introduction, effectively, of even higher taxes on landfill through the Landfill Allowance Trading Scheme;
- (c) additional resources are promised for a new FSS block dealing with Children's Social Services. Further detail is awaited;
- (d) the FSS for Adult Social Services is set to rise by 9.9% in 2005/06 and thereafter by some 4% per year. The first year increase is not yet completely understood and there is a concern that part of the rise could simply reflect the switch of existing funding from specific grant (which may also disadvantage this council). The growth for 2006/07 onwards is less than standstill pressures faced by local authorities and no doubt reflects an efficiency assumption; and
- (e) the allocation for housing infrastructure looks very inadequate compared to likely costs in the south east alone.

17. The most fundamental point for East Sussex, regardless of the above, is that the County Council will still only receive a minimum floor increase of some 3% to 4% (as well as being dependent on some £25m of transitional 'floor' support in the current level of grant). This reflects the on-going effects of the damaging national formula changes in 2003/04. A minimum floor increase of 3% to 4% compares to the increase expected for other authorities, on average, of 5% to 6%. In this context the risk to this council is further compounded by:

- (a) the tightening financial situation, outside schools, will inevitably result in greater pressure by 'ceiling' authorities to argue for a higher 'ceiling' at the expense of a lower 'floor' given to 'floor' authorities; and
- (b) transfers of specific grants into base formula grant could result in net losses of resources due to change in distribution bases between specific grant and FSS. This is regardless of floors but the net loss could be even greater because of the operation of the floor mechanism.

18. In short, the financial position (outside schools) for next year is difficult and particularly so over the medium term.

19. The proposed changes in education funding from 2006/07 onwards (particularly in respect of ring-fenced 'passporting' grant) is a fundamental change. It represents, in advance of the detail, significant risks in terms of arbitrary top-slicing of base formula grant – currently supporting LEA or other services – to support 100% ring fenced grant for core (passported) school funding. There

are also issues about the operation of the Local Management of Schools (LMS) distribution formula to reflect local needs etc. More generally, the movement to specific grant risks a superficial 'arithmetical' solution to the balance of funding being presented.

Balance of Funding

20. On 20 July the Government published a report on the work to date on the Balance of Funding. It then promptly announced a further study which will not report until next year at the earliest. An initial commentary is attached at Annex 1. The 'interim' report also appears to support the retention of the council tax but with modifications, but seeks further work on additional local tax schemes including local income tax as well as the return of the business rates to local control. Sadly, the Government's interim report makes little mention of addressing the 'Balance of Power' (i.e. the proper constitutional position of local government to then inform the consequent balance of funding). This was a key point made by the council in its submission on the Balance of Funding.

21. As expected, further examination includes assessing the impact of the planned council tax bands revaluation in 2007/08. The Government's interim report also appears to signal changes in council tax bands; most significantly increasing the number of bands, particularly at the higher property value range. As members have been previously advised, revaluation could see further shifts of grant away from the south east because of the relatively high house price inflation in the south east since the last valuation. Changes in the number of bands could add to this effect but would certainly impact, in terms of increased council tax, on owners of relatively high value properties (due to house price inflation). This would particularly affect those in that situation who are beyond benefit assistance but are relying on fixed incomes or those where disposable incomes are already under pressure to support relatively high house prices. Clearly, in both cases, this represents a particular issue for East Sussex. It would, however, be premature to speculate on the precise effects – in terms of 'winners' or 'losers' in advance of final decisions on the Balance of Funding.

22. The Government's announcement also underlines the importance of residents maximising their legitimate take-up of benefits in support of council tax costs. This must be supported and indeed chimes with particular initiatives already launched by this Council to that effect.

23. As already mentioned, one must not lose sight of the risk of changes in school funding (in 2006/07) being 'positioned' as contributing to a significant increase in the Balance of (local) Funding in support of net spending (i.e. net of specific grants). This has long been feared and would only address the issue in a superficial 'arithmetical' way rather than addressing (and preferably recognising) the need for real local power to make choices on priorities and service levels.

Local Position – Standstill Pressures

24. After adjustments for one-off items included in 2004/05 and other base adjustment changes, the 2004/05 adjusted base budget is as follows:

	£m
Schools budget	208
Capital Financing, Treasury Management, Levies, Contribution to Reserves	38
Waste (including Corporate Waste Provision)	21
	<hr/>
	267
T&E (Highways)	15
T&E (Other)	12
Libraries	6
Social Services	122
Central LEA	23
Chief Exec's, CRD, Misc	18
	<hr/>
Total	463

25. All budgets will attract inflation. Simply adding assumed wage inflation of 3% and general price inflation of 2.5% will add some £12m to the budget in each of the next 3 years. Maintenance of existing policies will increase this by a further £10m in 2005/06 – slightly less in the following two years.

	2005/06	2006/07	2007/08
	£m	£m	£m
Inflation on all services	11.7	12.2	12.7
Additional to meet passporting	2.3	4.0	2.4
Social Services – self funders, learning disabilities	2.9	2.8	2.9
T&E – revenue effects of capital programme and other standstill	0.4	0.8	0.2
LEA block and Libraries	0.3	0.2	0.2
Corporate Waste Provision	2.5	2.5	-
Debt Charges	1.1	0.8	0.8
E Government Provision removal	(1.0)	-	-
Single Status	0.6	-	-
Pension Increase (phased)	1.1	1.1	1.1
Cost of 2005 elections	0.4		
Other	0.3	(0.1)	(0.2)
Standstill Increase	22.6	24.3	20.1
% Increase (on 04/05)	4.9%	5.2%	4.1%

This table does not take into account any efficiency savings and, crucially, a variety of other risks.

Other Risks not Included in Standstill so far

26. There are a number of other risks not yet included in standstill and in most cases subject to uncertainty, currently, as to precise impact and possible timing. These include the following:

	2005/06	2006/07	2007/08
	£000	£000	£000
Excess inflation (above RPI)	1000	1000	1000
Loss of Preserved Rights Grant	1500	1000	-
Travellers	200	-	-
Highways re-tendering	750	750	-
Bexhill Link Road	-	1500	1000
Single Status	300	300	-

27. There are also a number of currently less quantified but no less significant risks including delayed discharges, single status, Landfill Allowance Tax Scheme, the impact of ceasing contributions to the E-Government reserve, the impact of the Children Bill (including Children's Centres), responding to regionalism, major planning enquiries and changes in Supporting People funding.

28. At this stage the only sum included in standstill against these risk areas is the £2m labelled below as 'New Risks' for 2005/06 (and a further £1m for each of the following two years) and £0.7m pa excess inflation provision. Standstill and risk pressures will continue to be refined during the year.

Overall Standstill and Other Risk Pressures

29. Taking all of the factors set out above the position for the next 3 years is:

	2005/06	2006/07	2007/08
	£m	£m	£m
Inflation – all services	11.7	12.2	12.7
Additional for Passporting	2.3	4.0	3.0
Other Standstill	<u>8.6</u>	<u>8.1</u>	<u>4.4</u>
	<u>22.6</u>	<u>24.3</u>	<u>20.1</u>
Excess Inflation Provision	0.7	0.7	0.7
New Risks Provision	<u>2.0</u>	<u>1.0</u>	<u>1.0</u>
	<u>25.3</u>	<u>26.0</u>	<u>21.8</u>
<u>of which:</u>			
Schools Passporting (inc. inflation)	8.0	10.4	9.0
Standstill on other services	17.3	15.6	12.8

CBOSS Efficiency Savings

30. Cabinet will remember that base budget efficiency savings of £300,000 (from 2005/06) were included in the MTFP when the CBOSS contract was let. Further work has been undertaken and this indicates that ongoing efficiency savings of some £450,000 should be achieved from 2005/06 and a further ongoing savings of £400,000 from 2006/07 (in total this equates to about 35fte posts). Of this total saving some £150,000 relates to areas which form part of the schools budget.

The detailed departmental targets which make up these totals have been shared with Chief Officers and will contribute towards savings requirements required as part of Reconciling Policy and Resources.

Funding available

31. The medium term plan for 2005/06 presented to Council in February made the assumption that the grant increase would only marginally exceed the schools passporting requirement – which was the reality in 2004/05. This remains the planning assumption and is reflected in the plan.

Comparison of Pressures and Possible Funding Scenarios

32. The updated medium term plan including the standstill pressures and funding assumption set out above is attached at Annex 2. The position for 2006/07 onwards can only be considered indicative at this stage; not just because of funding uncertainties (e.g. schools) but also possible changes in the council tax methodology and council tax revaluation as well as the need to crystallise a number of spending risks not yet included in standstill. For 2005/06, the standstill and other accepted risks, compared to the funding assumption and before any savings targets etc., would indicate a council tax increase requirement of 8.7%. In determining the way forward it will be important for Cabinet to consider this in the medium term context and to be clear on:-

- a. preferred level of Council Tax increase;
- b. core policy priorities;
- c. appreciation of difficult/impossible to avoid costs;
- d. areas to protect/ areas of further investment; and
- e. consequent level of savings required – over the medium term – and their credibility/deliverability in comparison with the discretionary costs base.

33. Given the various uncertainties, it will be necessary to revisit the planning guidelines continually during the Reconciling Policy and Resources process.

Outturn 2003/04

34. The draft accounts, subject to external audit, were approved by the Governance Committee on 12 July. The form and content of those accounts are heavily prescribed in

legislation. A summary of the position, in the usual format considered by Cabinet for budget monitoring, is shown in Annex 3 to this report.

35. The emphasis placed on improved budget management as part of the Excellence in Financial Management initiative (including training for over 400 budget managers) is reflected in the outturn. Departments underspent by £ 3.7m (0.8%) on a total budget of £458m, - a major improvement on the previous year. The underspend of £2.1m on treasury management and other risks was allocated as part of setting the 2004/05 budget.

The Balance of Funding Review

The Balance of Funding Review Steering Group has published its final report “for the Government, not by the Government”. The report recognizes that the current balance of funding, which sees local authorities receive on average 75% of funding from central government and 25% from council tax, is a major problem for local authorities. It acknowledges that the gearing effect is at the heart of the problem, with a 1% rise increase in spending, on average, requiring a 4% increase in council tax. The current balance of funding clouds the accountability and transparency of local spending decisions and is a factor in contributing towards the high council tax rises of recent years. There is therefore a case for shifting the balance of funding; but measures for achieving this must be looked at on their own merits; It is possible to shift the balance of funding towards a higher proportion of local revenue whilst still allowing the system to equalise for higher needs and resources. The only way in which this can happen is if a reformed council tax is supplemented by either relocalised business rates, a local income tax, or a combination of both. Nick Raynsford, the local government minister has announced an independent inquiry into local government funding, to be chaired by Sir Michael Lyons, director of INLOGOV and former Chief Executive of Birmingham City Council.

The inquiry will; in the light of Balance of Funding Review report and other developments, such as the Government's intention to ring-fence schools' funding from 2006/07: make recommendations on how best to reform council tax, taking into account the revaluation of domestic property due to come into effect in 2007; assess the case both for providing local authorities with increased flexibility to raise additional revenue and for making a significant shift in the current balance of funding; conduct thorough analysis of options other than council tax for local authorities to raise supplementary revenue, including local income tax, reform of non-domestic rates and other possible local taxes and charges, as well as the possible combination of such options; and consider the implications for the financing of possible elected regional assemblies. The Lyons Inquiry will take evidence from stakeholders. It is due to report by the end of 2005. The Minister also stated that the Government accepted the Review's conclusion that council tax should be retained but reformed and noted that ODPM was working with the Department of Work and Pension on improving take-up of council tax benefit.

Council Tax

The Review concludes that “council tax should be retained but reformed”. The report recognises the merits of a property tax, i.e. its predictability and ease of collection, but acknowledges that it will need reform to address its impact on those on low incomes and the impact of revaluation. Possible reform options include increasing the number of bands and regional or sub-regional banding.

The report agrees that council tax benefit (CTB) should be a vital element of the reform package. Revising the savings limit, which has not been changed for almost 15 years, and changing CTB from a means tested benefit to an entitlement are key options for improving take-up and providing an adequate safety net. Such reform need not wait for structural reform of council tax.

Re-localisation of Business Rates

Although the report acknowledges that this represents one of the two available options capable of significantly shifting the balance of funding, it cautiously avoids drawing any conclusions on this option. Instead it presents the clearly divergent views of the LGA and business. The RPI link, to the business rate has meant that the share of local government revenue paid for by business has fallen, from 29% in 1990/91 to 20.4% in the 2004/05 RSG settlement. The report notes that there are a number of intermediate options for change, with differing impacts on the balance of funding (e.g. retaining the national rate but lifting the inflation cap).

Local Income Tax

The Review considered a form of local income tax (LIT) as an option for reform. CIPFA presented a ‘possible model’ where a variable LIT, collected by Inland Revenue and restricted to upper-tier, multi-purpose authorities, supplemented council tax. The Review recognised that LIT would be

more progressive than council tax and provide a buoyant source of revenue, and that there were strong arguments in favour of the CIPFA model, which limited LIT to five rates levied on earned income. The Government believes this option needs “considerable further work” to address the technical and administrative issues and costs, and assess the impact on individuals and business.

Other taxes and charges

The report concludes that other smaller taxes and charges (eg localised vehicle excise duty; local tourist tax and various forms of user charging) would have limited impact on the balance of funding, but could be useful in achieving local policy objectives.

Grant and Equalisation

The report concludes that equalisation for different needs and resources, to enable local authorities to provide a comparable level of service, remains vital in a revised local government finance system. The report recognises that it is possible to shift the balance of funding whilst still maintaining current levels of equalisation.

Schools Ring-Fencing

The DfES five-year strategy published, proposes to ringfence the whole of schools funding from 2006/07. Nick Raynsford acknowledges that this has implications for much of the territory covered by the Balance of Funding Review, but does not affect the thrust of the conclusions of the Review. It is one of the matters which the Lyons Inquiry will take into account.

Schools ring-fencing would not change the balance of funding overall as it would not lead to any more local income; but it would change the balance between ring-fenced and non-ringfenced grant. If it went ahead over 50% of all grant to local authorities would be ring-fenced. Such ring fencing does nothing to address the unfairness of the current council tax and fails to satisfy the broader objective of instituting a local government finance system that is buoyant and enhances local accountability and democracy. It is also contradictory to the Government’s stated commitment to reduce the level of ring fencing to 10% by 2005/06.

ODPM Select Committee report on Local Government Revenue

The ODPM Select Committee on Local Government Revenue released its final report on 16 July. The report gave strong support for the relocalisation of business rates, opposed ring-fencing, and gave an overall message the message that “councils should be free to determine their own spending”. It supported the views that:

- gearing has a negative impact on local authorities, distorts accountability and makes the funding system less clear;
- government grant can be reduced significantly and still equalise; local authorities should control at least 50% of their own income;
- ring-fencing to be no more than 10%, ;the Government should reconsider use of ring-fencing and passporting, using mechanisms like the CLP to set minimum standards; and if it wishes to control education funding it should consider funding education directly;
- there should be a reduction in the inspections regime, particularly for good and excellent authorities;
- there should be a three year rolling programme of grants from ODPM (this is foreshadowed in the spending review);
- capping should end by end of 2005 and there should be no in year capping;
- council tax should be retained and reformed, with particular attention paid to bands, regional or sub-regional banding, and council tax benefit, which should become a 'discount or rebate';
- business rates should be returned to local control by no later than April 2006, with a mechanism to prevent excessive increases. Meanwhile they should be allowed to rise b a set amount above inflation;

The Committee expressed doubts about a local sales tax; support for local authorities to have access to congestion charging, workplace charging

Considerable work has been undertaken in both the Balance of Funding review and the Select Committee to look at the question of local government funding, both of which have pointed to similar flaws in the current system. It is a pity that Government's response to the work has been to set up another inquiry, rather than to take action.

CABINET PRIORITIES FOR THE WHOLE COUNCIL

What we will do:

The Council Plan details our priorities within each service area and we are determined to ensure East Sussex is a high-performing authority. Our particular priorities are to:

- Continue to improve services to older people;
- minimise council tax rises, as far as possible, by focusing on core services;
- raise the economic performance of East Sussex;
- further reduce crime and the fear of crime;
- provide safer and better maintained roads and repair street lights;
- support teachers in continuing to raising standards in our schools; and
- promote active citizenship.

How we will do it:

- being clear about priorities and long term direction;
- focusing on our customers, particularly on our residents' needs and preferences;
- providing equality of opportunity for all through our service delivery and as an employer.
- departments working more closely with each other and with our partners;
- using a variety of ways to deliver services;
- managing our resources and assets well;
- harnessing the potential of our staff; and
- improving the County Council's reputation.

A STRATEGIC MANAGEMENT & ECONOMIC DEVELOPMENT (Cllr Jones)

1. Strategic Economic Development

- Deliver strategic economic development targets, especially for Hastings and Rother Task Force (particularly further advancement of University Project) Newhaven/Central Rail Corridor and Rural Regeneration;

2. Performance Management

- Ensure the overall functions of the County Council are effectively co-ordinated and managed, the County Council is appropriately advised on policy matters, its policies effectively implemented;
- Harness the potential of our staff by strengthening organisational development and improving the performance management of staff to drive up standards across the Authority (implement outcome of BV Review of Personnel).

3. Communications

- Improve the County Council's reputation by explaining our policies clearly and developing a co-ordinated approach to our consultation, communications and public relations ensuring both consistent information and messages. This will be achieved using a range of methods, both traditional and electronic, the media and by supporting the Council's E-Government agenda by further developing the website and intranet.

4. Trading Standards

- Work towards meeting the Department of Trade and Industry and Food Standards Agency standards for Trading Standards.

5. Records Office

- Continue to investigate with potential partners, including Brighton and Hove City Council and the Universities of Sussex and Brighton, external sources of funding with a view to including the building of a new Record Office in a future capital programme.

6. Emergency Planning

- Maintain the current level of activity as far as possible and deliver the agreed response to the Best Value Review.

7. Members

- Continue the process of modernising support to members and the stringent control on expenses.

8. Legal and Democratic Services

- Prioritise the provision of sound legal advice within the budget.

9. Equalities

- Provide equality of opportunity for all through our service delivery and as an employer.

B CORPORATE RESOURCE PLANNING & MANAGEMENT (Cllr Reid)

1. Policy and Finance

- Develop the reconciling Policy and Resources Process further to ensure:
 - refinement of service priorities and policy steers.
 - alignment of service plans and financial allocations.
 - effective risk management.
 - effective service improvement.
 - we secure demonstrable efficiencies across the County Council.
 - full involvement of scrutiny in the process.
- Produce a medium term Financial Strategy (consistent with the Council Plan and the reliability of information available to the Council) which focuses on sustainable core services provided in the most cost effective way consistent with living within our means.
- Having initially achieved a dramatic reduction in Council Tax increase, continue to strive to combat central government plans which would make continuing achievement of that objective impossible.
- Support and develop excellence in Financial Management across the County Council including maintaining effective financial control, challenge and internal audit.
- Maintain balances at current benchmark level or above.
- Continue to maintain current risk management activities.

2. Procurement

- Ensure procurement arrangements meet corporate priorities and improve service delivery.

3. Effective Property Management

- Continue to ensure a countywide approach to capital planning reflecting Members' choices on priorities and key asset management drivers.
- Use the new property structure to support a drive to excellence in property delivery standards, including delivery of effective and efficient new property contractor arrangements.
- Continue to determine the property estate required to deliver the Authority's service priorities and to maximise the opportunities for reinvestment from the disposal of non-core estate.
- Continue to drive improvements in the efficient and effective use of office accommodation and in particular ensure efficient links and integration with effective home working policies.
- Determine the most appropriate and effective use of limited building maintenance resources across the council.

C. SOCIAL SERVICES AND HEALTH (Cllr Mrs Waite)

Overall

- Improve the user and carer experience, to be measured against standards and performance indicators.
- Develop a range of flexible and responsive services to support people in their own homes.
- Build better partnerships with Health, Housing, Education and Independent and Voluntary Sector partners.
- Shift the balance from providing to commissioning services.

1. Older People's Services

- Support more people in their own homes, while retaining the current low rate of admission to residential care and reducing delayed discharge from hospitals.
- Expand intensive support at home, including the development of new services, where possible joint with Health and Housing, including intermediate care and extra care housing.
- Continue the move towards being increasingly a commissioning, rather than providing, organisation and develop more effective strategic commissioning jointly with Health.
- Continue to increase the proportion of the Social Services Department's budget spent on older people.
- Increase further use of direct payments to achieve the efficient use of resources and encourage individual choice.

2. Services for People with a Physical Disability

- Increase further use of direct payments to achieve the efficient use of resources and encourage individual choice.
- Continue integrating occupational therapy services into multi-disciplinary teams, based on local health and social care economies, building on current practice.
- Integrate equipment services with Health while expanding and increasing flexibility.

3. Services for People with Mental Health Problems

- Integrate further current services with the Mental Health Trust, where these changes will improve the efficiency of the service, and outcomes for service users.
- Develop effective joint commissioning arrangements.
- Implement, jointly with Health, a new service model with particular emphasis on supporting people in their own homes.
- Reduce the use of residential provision and expand community services, outreach provision and support at home.

4. Services for People with a Learning Disability

- Consolidate the work of the newly created joint learning disability team, and ensure that they review existing services in order to best meet people's needs.
- Reduce, over time, the use of residential care and increase support at home, including the development of supported housing.
- Increase the use of direct payments to achieve the efficient use of resources and encourage individual choice.
- Modernise day care and day activity provision, in order to promote independence, and meet the visions set out in "Valuing People".

5. Support Services

- Develop budgets to client groups and geographical areas coterminous with those of partners wherever possible and to plan pooling and integration of budgets, where appropriate.
- Improve strategic contracting, including block contracts and ePurchasing, to ensure improved partnerships with suppliers, the building of capacity and continuity of supply.
- Maximize use of e-Business practices to improve access, service delivery and efficiency.

- Work with Health on approaches to workforce planning, training and development, with a view to preparing for greater integration and improved recruitment and retention.
- Implement the electronic social care record, and use associated technology to improve efficiency and effectiveness.

D. CHILDREN AND YOUNG PEOPLE; AND LIBRARIES (Cllr Mrs Stroude)

1. Children's Services

- Increase foster care and adoption capacity, reduce the use of residential care and independent fostering agencies and continue to improve outcomes for looked after children.
- Develop disability services jointly with Health and Education, focusing on community support and ensuring effective transitions to adults' services.
- Keep children safe by further improving already high quality child protection and family support services.
- Seek to improve services to users by providing more integrated services, jointly with Education, Health and the Voluntary Sector.
- Improve arrangements for consulting with service users, and ensure that services are provided in ways which take account of their views and aspirations.

2. Special Education

- Promote quality inclusion through the implementation of the Special Education Needs (SEN) strategy 2003-2007, including the further development of special school provision and in so doing raise the attainment of pupils in all vulnerable groups.
- Improve, in partnership with other agencies, timely intervention for children and young people from vulnerable groups and thereby reduce expenditure on crisis management and agency placements.

3. Strategic Partnerships and Community Learning

- Promote schools at the heart of our communities by supporting the development of extended schools, offering a wide range of services to adults, young people, children and their parents or carers.
- Ensure the effective implementation of the Connexions Service and new Youth Development Service, and with partners establish a Youth Strategy for the County.

4. Libraries

- Support libraries at the heart of the community through the development of the use of the People's Network in East Sussex as part of the Council's e-government and community planning strategies and also to seek effective partnerships and external funding to support these developments and community based lifelong learning.
- Develop further the strategic library network, including plans to improve performance in relation to the Public Library standards (especially the book stock and opening hours), and to develop joint working across the Education and Libraries Service, including the schools' library service.

5. The Arts

- Concentrate activity on developing the Cultural Strategy and increase the focus on the County Council's own policy priorities in this area.

E. EDUCATION (Cllr Glazier)

1. Schools Improvement

- Confirm that the raising of school standards is still the highest priority for Education and ensure the effective operation of the Strategic Partnership with the Centre for British Teachers (CfBT), including the new Partnership Board.

- Ensure, through the use of an agreed framework, that funding, including Standards Fund grants, is used effectively to progress activities outlined in the Education Development Plan (EDP) and drive up standards.

2. Access to Schools

- Sustain an effective planning function for future school places requirements and co-ordinate this with the corporate capital planning strategy.
- Make the most effective use of New Deal for Schools and other funding streams to achieve improvements in the condition and suitability of school building, and support basic need provision.
- Implement the school attendance and attitude strategies to underpin the PSA target for 2005.
- Devise a strategy to respond to the 'Building Schools for the Future' initiative to secure maximum investment in East Sussex.

3. Strategic Partnerships and Community Learning

- Promote social and economic regeneration through effective partnership and consortia engagement, enabling the development of learning and skills in the community.
- Promote schools at the heart of our communities by supporting the development of extended schools, offering a wide range of services to adults, young people, children and their parents or carers.

4. Strategic Management

- Maintain a focus on ICT development in schools and co-ordinate and integrate policy on ICT and e-government with the Lead Member for Community Planning and e-government.
- Promote the development of autonomous schools, providing choice and diversity through the implementation of the 2002 Act and related initiatives including the further development of specialist schools.
- Take forward the expanded review of post 16 education in the East of the County with the Learning and Skills Council (LSC), and implement any agreed recommendations.
- Seek to improve services to users by providing more integrated services, jointly with Education, Health, and the voluntary sector.

F. TRANSPORT AND ENVIRONMENT (CIIR Lock)

Waste Disposal

- Establish a sustainable waste disposal system, by:
 - ensuring that the PFI Integrated Waste Management Contract is successfully implemented, including attainment of reduction, recycling and composting aspirations, along with an understanding and control of future revenue budget implications

1. Road Maintenance

- Make our "Roads Visibly Better", by:
 - improving maintenance of our roads and footways
 - ensuring drainage works
 - keeping key road routes free of ice
 - ensuring street lighting works
 - increasing frequency of cuts to grass verges
 - cleaning road signs and white lines
- Providing Town and Parish Councils access to dedicated "mobile gangs" to carry out agreed locally targeted work.

2. Traffic Safety

- Reduce vehicle and pedestrian accidents and community fear of accidents, by:
 - addressing the most dangerous sites first
 - installing “Safe Routes to School” schemes, as resources allow
 - championing safety training and education, particularly for children
 - work with local communities, Parish Councils, Sussex Police, the health sector and other partners.
 - to resource locally recognised traffic “quality of life” issues

3. Environment

- Seek to enhance the amenity and economic value and potential for sustainable tourism of our natural and built environment together with continuing to integrate sensitivity for the environment in all we do, by:
 - enhancing access to the countryside for all users via targeted improvements of the Rights of Way network
 - enhancing the appearance of the County by improving the road environment
 - encouraging woodland and bio energy based enterprises as a way of a contribution to reduction of fossil fuel climate change effect and diversifying the rural economy
 - creating a coastal wetland chain of sites offering biodiversity, integrated flood management provision and amenity facility adjacent major coastal urban communities
 - optimising external contributions to our environmental objectives.

4. Passenger Transport

- Optimise the benefits of the Council’s service provision, by:
 - establishing a sustainable policy and strategy for provision of bus and rail services
 - further develop meaningful partnerships with commercial bus and train operators
 - work with rural communities and organisations to provide viable rural schemes
 - seek additional sources of funding via lobbying of national Government, bidding opportunities and local partnerships

5. Statutory Plans

- Use the planning process to promote the County Council’s policies and priorities, while discharging statutory responsibilities, by:
 - early adoption of the Waste Local Plan [WLP]
 - continued development of a quality Local Transport Plan [LTP] and implementation of capital programme
 - revision of the Structure Plan
 - influencing national and regional planning and transport policy
 - implementing policies, including via planning and highways development control
 - providing up to date information about the county to underpin this work

F COMMUNITY SAFETY, COMMUNITY PLANNING & E-GOVERNMENT (Cllr Tidy)

1. E-Government

- Deliver further efficiencies in service delivery, the provision of better tools for front line staff, and increased access to services by our customers in line with our key Implementing Electronic Government 2 (IEG2) targets (wherever possible, through working with partners).

- Increase availability of broadband technology throughout the rural and urban areas of East Sussex encouraging the active support of other agencies and partners.
- Ensure all Council services that are capable of being delivered electronically, are so delivered by 2005.
- Support and develop the work of the East Sussex E-Government Partnership (ESEGP) , under the overall direction of the ESSP.
- Support and develop excellence in the use of web based technology.
- Excellence in ICT service delivery across ESCC.

2. Community Safety

- Ensure that the County Council is fully involved with the development and implementation of strategies and actions arising from the 5 Crime Reduction Partnerships (CDRP) and continue the process of mainstreaming activity through the planning processes of all County Council Services
- Work closely with the Police and Parish and Town Councils to deliver effective schemes to reduce crime and the fear of crime across the County.

3. Community Planning

- Implement "Pride of Place" the Community Strategy for East Sussex which reflects the priorities of the County Council, residents and partners.
- Extend the effective and influential ESSP that will deliver the PSA, champion the interests of the county seeking economic, environmental and social wellbeing
- Ensure appropriate County Council influence and contribution at County and borough & district level is delivered effectively and on time.
- Improve understanding of the purpose of community planning and achieve member and public recognition of our key role and activities.
- Work closely with Parish and Town Councils to provide practical help to improve the quality of life of our residents

Strategic Performance (RPR Round 4)

1. Performance Management at East Sussex County Council

Performance management is key to realising ambitions, improving services for local people and even just staying on track for areas not prioritised for improvement. The Audit Commission has identified the key characteristics of excellent authorities as:

- a clear and workable corporate performance management framework;
- clear links between corporate and community objectives;
- a commitment to measuring performance and using performance information to make decisions;
- staff that understand the performance management framework and use it;
- links between performance management and other aspects of corporate governance such as financial management, risk management and human resources.

Whilst the County Council has a robust performance management framework (see Annex 1, Guide to business planning), we are seeking to further develop performance management to:

- implement a strategy to provide excellent services, be recognised as 'excellent' by the people we serve and receive formal recognition;
- support departments to develop the skills to set challenging targets, focus on outcomes and drive service improvement;
- raise awareness amongst staff of the importance of achieving targets, good performance management practice and the improvement planning process;
- improve the robustness of data, monitoring processes, presentation of reports and access to management information for staff and members through improved management information systems; and
- integrate performance management processes working with Scrutiny, Policy, Finance and Personnel to enable informed decisions to be made using management information over different dimensions of performance.

2. Key service performance issues at East Sussex County Council

The Council Plan is the authority's business plan. It sets out how we will deliver the policy steers, how we will make best of available resources, our key service targets and what we will do to improve performance. The Council Plan is supported by departmental, team and individual plans. A short overview of the key issues on the national scene and performance issues (as evidenced by Council Plan monitoring) for the major service areas is provided below.

2.1 Social Services Performance Issues

- support more people in their own homes, while retaining the current low rate of admission to residential care and reducing delayed discharge from hospitals linking with the PSA target and the health economy;
- increase foster care and adoption capacity;
- raise educational attainment of looked after children;
- Scrutiny will be reviewing direct payments, provision of services for adults with learning disabilities and the effectiveness of the East Sussex anti-bullying strategy.

2.2 Adult Social Services Key National Issues

- changing demographics resulting in increasingly elderly population;
- the drive to reduce institutional provision and increase support at home;
- the need to manage markets in terms of capacity, competition and cost;
- the imperative to reduce delayed discharges;

- an expectation that health and social care will work together to make a positive use of reimbursement grant (received by social services from DoH) to reduce admissions to hospital and increase throughput of patients out of hospital beds;
- further expectations that health will decrease patient stays in hospital generally, leading to a cost shift as amount of care required to enable discharge home also increases;
- the balance of Government targets tends to skew health expenditure into the acute rather than community health sector despite stated policy to emphasise prevention;
- the consistent drive to achieve joint Commissioning and Assessment by Health and Social Services;
- a clear expectation that direct payments will increase significantly putting customer in driving seat of choice;
- the drive to modernise Day Care, particularly for people with learning disabilities;
- the financial pressures facing the NHS will increase the potential for cost transfers and increasingly high-profile risks;
- pressures to achieve efficiency (e.g. costs of procurement; Gershon report) whilst achieving a sustainable and healthy care sector;
- increasing shortage of care staff; mainly lower paid, front line staff, across the whole sector; and
- imperative to reform out of hours services (part of modernisation agenda) to move even further away from "9 to 5" responsive service and into customer-demand-driven timing of responses.

2.3 Young People and Children's Services Key National Issues

- national rising number of looked-after children and a shortage of foster carers;
- maintenance of high standards of child protection, particularly post the Climbié report;
- requirements of the Children Bill - future shape of joined-up Children's Services
- new responsibilities for early years - integrated children's centres;
- raising the attainment and improving the attendance of LAC;
- the requirement to make full time provision for pupils out of school, particularly those who have been permanently excluded;
- reduction of bullying and implementation of the Crime and Disorder Act.

2.4 Education & Libraries Performance Issues

- raise level of educational attainment at GCSE and all key stages;
- reduce schools in special measures;
- reduce levels of school exclusion and ensure full-time provision of alternative education for excluded pupils;
- improve satisfaction with libraries and meet more library standards.

2.5 Education Key National Issues

- the Government's proposed 5 year strategy for Children and Learners will potentially impact significantly on LEAs' roles and responsibilities;
- inappropriate behaviour and truancy remains a key concern of both Ofsted and the Department of Education and Science;
- modernise the workforce within schools;
- the delivery of the National Grid for Learning and broader learning networks and strengthening advisory services;
- the funding of Education, and particularly schools budgets, will be an important issue, including the Building of Schools for the Future initiative;
- the future of the post-16/adult learning issues and the way in which Local Authorities work with the Learning and Skills Councils nationally and locally;
- plateauing of attainment at KS2;
- DfES new relationship with schools;
- revised Ofsted framework for both LEAs and schools;
- Excellence and Enjoyment - A Strategy for Primary Schools.

2.6 Transport & Environment Performance Issues

- maintain the condition of principal roads and improve maintenance of B class, C class and unclassified roads and footways linking with the PSA target and funding issues;
- improve road safety;
- improve satisfaction with public transport information and timeliness and frequency of the local bus service;
- determination of planning applications
- Scrutiny is carrying out a best value review of transport.

2.7 Transport and Environment Key National Issues

- Road maintenance - Surveys indicate that our 'A' class roads are in good condition generally, but the rest of our network is in a poor state. Roads were badly damaged by the long hot summer of 2003.
- Transport strategy - the Government's spending round will be tough for transport. Rail is the main pressure. At best, they are hoping to 'hold the line' on highway maintenance. Guidance for preparing the next five-year LTP will be issued in the autumn, but no indicative funding available yet. Development of Asset Management Plans will be required. National under spending on revenue for transport, (FSS), is a key Treasury issue, (Capital was overspent in 2003, but there is a net under spend of 7%). The Traffic management Bill is likely to receive Royal assent in July. This will place extra duties on authorities to manage road networks better.
- Need for robust Local Transport Plan 2 to support increased bids for transport projects over next five years.
- Progress on Bexhill - Hastings Link Road and trunk road/rail improvement.
- Waste – There is uncertainty about the effect of the proposed introduction of the Landfill Allowance Trading Scheme (LATS) on local authorities, particularly in relation to budgets. Government proposals to raise recycling levels and review the Recycling Credits scheme would have contractual and financial implications for the authority.
- Need to maintain progress on Waste Local Plan, to ensure early adoption, on preparation of Minerals Development Framework, to ensure up to date policy base for planning decisions, and to meet current criteria for award of further Planning Delivery Grant.
- Planning and Compulsory Purchase Act 2004 is changing planning responsibilities and relationships with Regional Assembly and Districts, therefore, some uncertainty.
- Flood and Coastal protection - Changes in financing projects introduced last year may put pressure in future on raising local levies to support flood defence measures that are important locally, but not strategically.
- Countryside and Rights of Way Act 2000 (CROW Act) - will introduce 'access to open country' in the south-east and north-west in September. This will put pressure on resources for Rights of Way management. Grants will be available from the Countryside Agency.

2.8 Audit and Best Value Performance Issues

- reduce domestic burglaries and violent crimes;
- improve satisfaction with handling of complaints;
- corporate health indicators – continue to reduce sickness absence & early retirements; improve diversity in the workforce;
- the challenge of reconciling and sustaining the all round improvement agenda and policy priorities with the future resource outlook and short term capping threat;
- implications of delivering the National Procurement Strategy and Gershon / cost efficiency agenda, whilst meeting local priorities;
- achieving a successful replacement core back office systems solution – given the scale, complexity and start position – and maintaining core services (including performance against invoice payments, BVPI 8) during the transition / implementation;
- improvements in property performance / maximising the benefits from framework agreements in the context of regional skills shortages;
- a substantial and continuing backlog of building maintenance;
- meeting our e-government targets (BV157) and delivering priority projects;
- delivering access strategy;
- Scrutiny is reviewing the Trading Standards service.

2.9 Audit and Best Value Key National Issues

- Delivery of key Economic Development Strategic Objectives through the East Sussex Area Investment Framework;
- Preparation for Freedom of Information enquiries;
- Impact of regionalisation;
- Emergency Planning: the proposals for regional contingency arrangements are focused primarily on anti-terrorism activity but will impact on the way the Authority organises its Emergency Planning arrangements.

2.10 Public Service Agreement

The County Council has also signed up to a local Public Service Agreement with stretching targets to improve performance in a number of key areas with partners. These targets form part of the Community Strategy of the East Sussex Strategic Partnership and are part of the Council Plan. They will deliver a broad range of activities, yet all have a common focus, as they will lead to 'A Better Quality of Life in East Sussex'.

- Enhance pupil attainment at Key Stage 3
- Improve attendance at schools
- Enhance the attainment of young people aged 17 in Hastings and St Leonards
- Increase the participation of drug users in treatment programmes
- Increase Adoption and Permanence for Children up to 11 years
- Improve the condition of local roads
- Reduce deaths and serious injuries through road accidents
- Improve overall cost effectiveness
- Reduce public place violent crime
- Reduce numbers of repeat victims of domestic violence
- Improve private rented housing in Hastings, Rother and Eastbourne
- Improve the rural economy of East Sussex.

3. Excellence Agenda

Chief Officers completed an assessment of performance in CPA 'Core Service' areas early in 2004 (see Annex 2). The assessment provides an overview of performance in the relevant CPA 'core service' area and an overview of where it is possible to improve in order to make sufficient gains to achieve 'excellent' overall as an authority under the CPA framework. It is actually quite difficult to predict, with any great precision, what excellent (in CPA terms) will look like because of the changes to the framework which will then be in operation.

It is crucial that we define excellent in our own terms but, as part of our discussions, we need to consider those areas where an East Sussex view of excellence may diverge from CPA excellence. This is probably best achieved by looking ahead to the new framework and assessing the areas where members might wish to differ in approach. The Council's current policy steers must lie at the centre of this discussion.

It is clear, however, that, despite the significant improvements that have been made, getting to 'excellent' will be very difficult and is likely to require a careful balance of investment in some areas. Getting to 'excellent' and keeping Council Tax low will also be very challenging!

Business Planning at East Sussex County Council

What is Business Planning?

It is important for any organisation to have clear priorities and objectives against which it can measure its performance. To function most effectively and use its resources most efficiently the organisation must also take account of the changing pressures and opportunities it will have to deal with in the future and respond to these consistently and with forethought. Business planning is a strategic process by which the County Council sets priorities and objectives for the Cabinet and Chief Officers to deliver. Scrutiny has a vital role to play in improving services by holding the Cabinet and Chief Officers to account and challenging performance.

What are the benefits to the County Council of business planning?

Put simply, the business planning process ensures that the County Council as a whole maintains a business-like approach to our work, setting key service targets for each portfolio which are challenging yet realistic, linked to wider corporate priorities, properly budgeted for and effectively monitored.

The business planning process allows the County Council to:

- Identify and resolve discrepancies between service needs and resource constraints;
- focus the work of individual departments and align their work with corporate priorities;
- focus resources on areas of high risk or where high level of value can be shown in relation to levels of investment;
- identify opportunities for improving services;
- gain the full commitment and understanding of everyone within the County Council, of the financial decisions made;
- show external agencies and partners that we have clear objectives and know how to achieve them.

Managing in this way ensures that the County Council uses its resources effectively and efficiently over time, not simply reacting to change or new situations as they emerge without any forethought.

What are the key components of the process in East Sussex?

There are three key elements to our business planning process:

a) **Policy Steers** of the Cabinet are set for the whole Council and each portfolio and represent a medium term strategy and statement of priorities to guide the business planning processes of the Authority. The Reconciling Policy and Resources initiative seeks to ensure the appropriate allocation of resources to priorities and performance.

b) **Plans** are produced at three levels and are informed by the work to Reconcile Policy and Resources:

- *Council Plan* - summarises the Key Service Targets for each portfolio which will deliver the Council's objective to become a modern, efficient authority delivering high quality core services at the lowest sustainable cost. The Council Plan clearly states what we are seeking to achieve throughout the year. Clearly identified performance measures state how we will assess our performance;
- *Service Plans* - produced for every area of the County Council's work and are used by officers as a vital instrument to deliver the priorities identified in the Council Plan;

- *Individual Performance Plans* - every member of staff has an individual performance plan which identifies their targets for the year ahead. These are used as a vital tool for managing staff performance.



c) **Performance Monitoring** information is regularly submitted to Cabinet, Scrutiny Committees and County Council. The purpose of performance monitoring is fourfold:

- to assess progress towards the targets set at the beginning of the year within the allocated resources and celebrate successes;
- to consider whether the targets set at the beginning of the year are still appropriate and if not whether targets should be changed, added or deleted;
- to revise plans and resources where appropriate, taking action to address barriers to improvement;
- to hold Chief Officers and portfolio members accountable for the delivery of their services and to ensure the business plans are guiding the work of each department.

It is important therefore that timescales for business planning are aligned across departments and with budget monitoring.

How does performance monitoring work?

After six, nine and twelve months Chief Officers prepare a summary of performance against each of the Key Service Targets (and the specific performance measures that support them) in the Council Plan.

Performance is reported on every Key Service Target on those measures that are relevant at that stage e.g. exam results will be reported at nine months. The report highlights particular achievements and explains any issues that will prevent a target being achieved as originally envisaged.

Changes may occur to the context of a target e.g. a partner is unable to make the contribution planned (justifying a reduced target) or nationally imposed changes or initiatives may require resources to be diverted (justifying a new or extended target) or, finally, it may prove not to be feasible to deliver the target in the way envisaged because of practical problems which were not foreseen when the target was developed (justifying a differently configured target to achieve the same objective). In all the above circumstances it may be legitimate for targets to be amended and the monitoring report is the vehicle by which such change is proposed and either accepted or rejected by the County Council.

Where performance is not meeting targets set out in the Council Plan, actions to address barriers to improving performance are recommended. This builds the Council's capacity to improve by enabling the issues behind poor performance to be tackled at an early stage.

What are Members' roles in the process?

County Council; is responsible for determining the priorities and budgets of the County Council and uses the performance monitoring reports to assess progress and priorities throughout the year, ensure Cabinet action and celebrate success.

Cabinet; uses the performance information contained within the monitoring reports to review progress towards the priorities and propose changes and action where needed.

Scrutiny Committees; use the monitoring reports to assess progress towards the priorities within their remit and to challenge Cabinet action. The reports are a valuable tool to track service improvement and identify areas where action is required. Scrutiny Committees should have the opportunity to consider the reports from Cabinet before they are considered by County Council so they are able to inform County Council's considerations.

For more information, please contact: Andrew Ogden or John Windebank

CPA Excellence Performance Assessment

What do we mean by an excellent East Sussex County Council?

1. Under the Audit Commission's proposed rules (which may, of course, change before 2006), to achieve excellence the County Council would, at least, need to:
 - maintain our performance in education and children's social care;
 - improve our score for adult social care by one point (i.e. receive a SSI rating of "serving most people well"); and
 - **either** increase our score for the corporate assessment to four, from its current score of three, **or** improve the scores for libraries and environment from their current scores of two.

2. Set out below are the **key** issues we need to continue to address in our bid to achieve excellence in CPA terms. Core services are addressed in some detail. More information is required about the corporate assessment as the framework is developed at a national level.

3. Social Services
 - 3.1 Members need to consider whether the County Council's view of excellence in relation to Social Services diverges from the CPA approach.

 - 3.2 The proposed CPA framework splits Adult Social Care into a separate service area from Children's Social Care. We will not, therefore, be able to rely on a further improvement in our Children and Families score pulling up our Social Services Score overall; Adults will have to be two-stars (or 3 out of 4 in CPA terms) in its own right! We cannot reach 'excellent' in CPA terms unless we have at least 3 out of 4 on the 3 'Level One' services i.e. Children's services (Education and Children and Families combined) Adult Social Services and Use of Resources.

Adult Social Services
 - 3.3 To reach 'excellent' we need to serve "most" people well, with "promising" prospects for improvement. The key to success is to increase even further the number of older people helped to live at home. Similarly, we need to help more adults with a learning disability or a mental health problem to live at home.

 - 3.4 There are targets in the current Council Plan to increase the number of adults we help to live at home. More work is needed to clarify the milestones we need to achieve to ensure the County Council reaches excellence in 2006; it is important to set out a strategy explaining **how we will achieve the further improvement required in adult services**. Such a strategy is likely to have significant financial implications.

 - 3.5 We also need to consider what effect achieving our PSA targets will have on our overall Social Services rating.

 - 3.6 There are some unquantifiable risks around the increasing importance of delayed discharges measures within the framework. Added to that is the reality of the difficulties in the Hospital Trust response to their own modernisation. Members are well aware of the precariousness of our position in this area, and of the ability of the Health economy to scupper our best efforts. It becomes almost inevitable that levels of delayed discharges will remain relatively high with the risk that the County Council becomes increasingly blamed. Any significant improvement in the level of delayed discharges would be completely unaffordable to the County Council without certainty of modernisation by the Trust.
Children's Social Services
 - 3.7 We need, at least, to maintain our high standards of service to children and families, where we are serving "most" people well with "excellent" prospects for even more improvement. A key priority is to improve the educational qualifications of looked-after children.

4. Education and Libraries

- 4.1 Raising school standards remains the highest priority. To raise our OFSTED rating to a 2 overall (essential if we are to get to three stars under the CPA framework), we will need to raise our performance by at least one grade in most of the Judgement Recording Statement (JRS) areas - some 40-50 areas. Our clear objective is to move our CPA rating from two stars (lower) to two stars (upper) in 2004, and winning three stars in 2005. This is challenging!
- 4.2 The rate of improvement in pupil attainment needs to be greater than the national average. The school attendance targets in our PSA are particularly important, as is our work to support ethnic minority and traveller children (which count heavily in relation to Ofsted and therefore CPA scores). We need to raise the educational performance of Looked After Children which affects the OFSTED grade as well as CPA. We need to maintain our focus on ICT development in schools, special educational needs, provision for excluded pupils and support to schools on behaviour and score well on the overall effectiveness of the LEA. The corporate input into the Ofsted scores will be more important next time round, particularly where there is an overlap between what Ofsted will be looking at, and the cross cutting themes under the proposed corporate assessment.
- 4.3 Our Library service is likely to remain at two for 2004 and 2005. It is important to at least maintain this score. **We cannot achieve excellence if we lose a point here.** This is another high risk area for Dec 2004, as the score deteriorated from Dec 2002 to Dec 2003 mainly due to a worse result on the Annual Library Plan (ALP). This will be reassessed as will the library surveys. The inspection carried out in 2002/03 will be re-inspected in 2005/06 and we need to prepare carefully for this. Recently we have accepted an offer from the Museums, Libraries and Archives Council to have a peer review of our Library Service carried out. (The offer is because we are seen as an authority with potential to improve). This should help us in our preparation for the Inspection.
- 4.4 It remains possible that we could achieve a score of 3 for libraries, but members will need to consider whether additional investment is likely to be available, bearing in mind the demands we face in the other areas of service. Modest investment could have a disproportional beneficial effect on libraries, and indeed Cabinet have targeted allocations, under Reconciling Policy and Resources, on that basis over the last two years.
- 4.5 In broad terms, members may feel that our own priorities accord with that of the likely CPA framework, although ESCC excellence may not be compatible with CPA excellent in relation to library opening hours. It is clear, however, that, as part of the revised corporate assessment, we are going to have to show that, in delivering our services, we take full account of the needs of **all** our residents including "hard to reach" and minority groups. (see below re. Corporate Assessment)

5. Use of Resources

- 5.1 We need to maintain our current of 4 out of 4 score to achieve excellence. The proposed CPA framework will assess value for money, cost effectiveness, procurement and an assessment of HR.
- 5.2 In relation to staff, we need to
- develop clear corporate policies and improve monitoring information
 - continue proactive management of sickness absence
 - continue reduction in number of staff retirements by reason of redundancy/efficiency
 - increase the proportion of women and ethnic minorities in the top 5% of earners
 - workforce planning in relation to staff is also important – in addition to the specific performance indicators identified.

- 5.3 Our work in relation to people with disabilities will be particularly important (obviously wider than just physical access, although that is important). It includes employment of disabled people – BVPI 16 – where we expect to see a significant improvement in our figures this year as a result of a more proactive response from staff to our recent survey.
- 5.4 We are aiming to maintain our top score in financial management under the CPA but face significant risks, given overload across the Council, and changes in methodology. We will be in the upper quartile on BVPI 8 (payment of invoices).
- 5.5 Key areas for improvement over the next two years are in relation to capital planning and cost efficiency/effectiveness across the Council. We need to develop further our risk management approach but are currently in a strong position. The development of our procurement agenda is key.
- 5.6 Although not a separate CPA category, E-Government does play indirectly into Use of Resources and the Corporate Assessment. The Council have increased investment in this area in the last three years and from a weak base, very good progress and achievements have been made with a number of nationally recognised successes. The Council has made a virtue of being practical and pragmatic and in its own terms, this can be properly positioned as a success story. The two risks on the horizon are, however, a planned drop off in funding and mandatory policy directions from Government. In many ways, the latter is more worrying, with indications that Government wish to specify both investment priority (without funding) and structures.
- 5.7 Again, at many levels, members may consider that there appears to be no “conflict” between the County Council’s priorities in relation to the use of resources and the CPA. There remains the existing tension and challenges in providing core quality services at the lowest sustainable cost (i.e. Council Tax). The prognosis for public spending in general is difficult after the next election. Added to this, revaluation of Council Tax bands and changes in the system, could be detrimental. Locally, we know that we remain exposed on the formula due to the 2003/04 formula changes i.e. we rely on £25 million of transitional floor protection which could be withdrawn on an accelerated basis after the election.

6. Transport and Environment

- 6.1 We must maintain our current score of two if we are to achieve CPA excellence. **This is a key risk area, for December 2004 assessment, particularly in view of the Best Value review of Highways.**
- 6.2 Members may believe that it is unlikely we will be able to increase our score in view of their other priorities within the County Council. It is important, however, to hold our position in relation to the maintenance of principal ‘A’ class roads where we are in the upper quartile (this is also a PSA target).
- 6.3 We need to improve the condition of our ‘B’, ‘C’ and unclassified road network (unclassified roads are not in the CPA basket) over the next two years through out PSA. We need an improved assessment in 2004 of our annual progress report of our current LTP. More involvement of stakeholders is required in the development of the second five year LTP and that is being taken into account in current plans. The PSA and the implementation of our new speed management strategy in rural areas is also key. As with Social Services, it is important to set out **how** we intend to achieve our targets as well as achieving them.
- 6.4 On waste, we need (and should) maintain our score of 4 out of 4. The implementation of the new integrated waste management contract with all milestones being met on time is key, as are our initiatives in relation to waste minimisation, recycling and composting.
- 6.5 On planning, again we should maintain our current position (2), although so much is dependent upon one or two BVPIs. The planning BVPIs are unsatisfactory from a county

perspective and we need to develop our own suggestions for more meaningful indicators. There is perhaps some scope for reviewing how the survey (BVPI 111) is conducted to ensure, as far as possible, applicants' scores relate to the service they receive, not the decision on their application!

- 6.6 For Environment the County Council's view of excellence diverges from the CPA approach in terms of the selected measures and regarding passenger transport. We need to consider again the question of passenger transport where we are not likely to achieve the BVPIs because of the continued escalation in the cost of providing services. This could count against us under the new CPA framework where we will have to show that we are improving access to jobs and services, particularly for those most in need.

7. Corporate Assessment

- 7.1 The new framework is still being developed, but community planning will be key – working successfully with and through partners. We will have to involve all our communities and hard to reach groups.
- 7.2 The Audit Commission is developing a highly structured approach to assessing achievements. This will involve examining our strategic approach to:
- Sustainable communities (including transport)
 - Safer and stronger communities
 - Healthier communities
 - Children and Young People
- 7.3 We need to do some further work on these “shared priorities”. The “achievement” judgement will depend on significant and noticeable outcomes for local people. Our work through local strategic partnerships will be vital.