

Report to: **Adult Social Care Scrutiny Committee**
 Date: **12 September 2006**
 By: **Chief Executive and all Chief Officers**
 Title of report: **Reconciling Policy and Resources**
 Purpose of report: **To seek the Committee's views on the policy steers for the services under its purview**

RECOMMENDATIONS

The Committee is recommended to:

1. consider any comments it wishes to make to the Lead Member on the relevant policy steers and their contribution to the objectives of the whole Council (State of the County Appendix 2, Annex 1) prior to their consideration by County Council;
2. set up a scrutiny board which is empowered to act on behalf of the committee with regard to future input into the Reconciling Policy and Resources process this year, and in particular to meet in December to consider the emerging three year plan; and
3. note the State of the County report agreed by Cabinet on 1 August and, in particular, the architecture for the Reconciling Policy and Resources process this year.

1. Background

1.1 In setting the 2006/07 budget, the Council also agreed council tax levels and cash allocations for services, for the four years to 2009/10. The Council Tax increases agreed were:

	2006/07	2007/08	2008/09	2009/10
	4.7%	4.3%	3.9%	3.5%

1.2 The County Council also set the following differential service allocations reflecting relative priorities, future high level efficiency expectations and risk management:

	% cash increases – year on year		
	07/08	08/09	09/10
Adult Social Care	5.5%	5.0%	5.0%
Children's	1.9%	1.7%	1.7%
Highways	1.5%	1.0%	1.0%
Libraries	1.5%	1.0%	1.0%
Building Maintenance	1.0%	0.5%	0.5%
Waste PFI	2.5%		2.5%
CEX (exc. Libraries)	0.0%	0.0%	0.0%
CRD (exc. Buildings)	0.0%	0.0%	0.0%
T&E (exc. Highways)	0.0%	0.0%	0.0%
Waste – non PFI	0.0%	0.0%	0.0%

1.3 The focus of Reconciling Policy and Resources (RP&R) for the next four years will, therefore, not be on the budget, but on delivering coherent and sustainable services over the medium term, in line with the policy steers agreed by County Council. To achieve this, renewed focus on efficiency, productivity and customer focus will be central.

2. Reconciling Policy and Resources Key - Outputs and Outcomes for 2006/07 Onwards

2.1 The Cabinet launched the 2006/07 RP&R process at its meeting on 1 August. The State of the County report considered by Cabinet is appended to this report. It sets out the key national policy issues affecting the County Council (Appendix 2), the national financial position (Appendix 3), key performance issues for each department (Appendix 4) and strategic risks for the authority (Appendix 6). Cabinet also agreed the future architecture for RP&R (Appendix 1). It agreed that the key output from RP&R for each portfolio for the future is 3 year service plans to 2009/10 (building on the 2006/07 plans) which reflect:

- demonstrable and clear links to the overall vision for the whole Council (the East Sussex Commitment) and the portfolio policy steers for each service (State of the County Appendix 2 Annex 1);
- informed staff engagement;
- a review of current spend to establish value for money and consistency with policy steers;
- a sound grasp of medium term financial risks and desired policy shifts;
- demonstrable links to customer focus improvements;
- savings plans, with the contribution from productivity and efficiency, showing how both future cost pressures and desired additional investment or policy shifts can be made within the agreed cash limits;
- consistent departmental medium term financial plans;
- consequent annual budget and service plans;
- the impact, if any, of proposals on the workforce; eg redundancies, (re-)training, and highlighting any difficulties in achieving service objectives due to skill shortages or recruitment and retention issues.

2.2 Cabinet also agreed the following steps in developing the three year service plans:

- (a) confirmation of service policy steers;
- (b) confirmation of current position and key future drivers, including comfort or otherwise that current spend is efficient and consistent with the policy steers;
- (c) customer views and consultation.
- (d) desired service end point after 3 years (i.e. by 2009/10) – including desired customer focus improvement and statements about what the service will look like compared to now;
- (e) budget and service targets and key actions/milestones for each of the 3 years to 2009/10, with a statement of workforce initiatives to ensure service targets are achieved;
- (f) identification of standstill, other risks and desired (re)investment cost pressures within and across services within Departments over the medium term (the latter indicates relative priorities);
- (g) extent of mis-match between spend pressures and cash allocations by service area;
- (h) departmental and service based productivity and efficiency plans to help meet the mis-match (including Invest to Save bids);
- (i) other savings plans required; and
- (j) key risks and proposed risk management.

2.3 The broad timetable for the rest of the process is set out below.

September	a) Scrutiny Committees to comment on portfolio policy steers.
October	(a) County Council to amend policy steers after scrutiny comment including relative priority. (b) First draft of 3 year service plans produced and an indication of relative priorities across the portfolio as a whole.
Oct to Dec	(a) Further development of 3 year plans, focusing on budget and service targets, productivity and other savings in each of the next 3 years but especially for 2007/08. (b) Scrutiny review of emerging 3 year plans. (c) consultation/communication with partners and residents. (d) Expected confirmation of Formula Grant award for 2007/08.
January 07	(a) Recommendation by Cabinet of final service and budget package for 2007/08 and headline council plan targets. (b) Further involvement of scrutiny.
February 07	Full Council
April 07	Council Plan published on the intranet
30 June 07	Statutory obligation to publish the Council Plan along with BVPI outturns and three year targets.

Cheryl Miller
Chief Executive
On behalf of all Chief Officers

Contact Officers

Sean Nolan, Deputy Chief Executive and Director of Corporate Resources: 01273 481412
 Becky Shaw, Director of Policy and Communications: 01273 481950

Report to: **Cabinet**
Date: **1 August 2006**
By: **Chief Executive and Chief Officers**
Subject: **Reconciling Policy and Resources – State of the County 2006**
Purpose of report: **To enable Cabinet to agree the Reconciling Policy and Resources architecture and consider the national and local policy, financial and performance context for 2007/08 and beyond.**

RECOMMENDATIONS

Cabinet is recommended to:

- 1. agree the Reconciling Policy and Resources architecture (appendix 1);**
 - 2. consider the context in which the detailed planning for 2007/08 and beyond, will be carried out including:**
 - national and local policy context and current policy steers (appendix 2)**
 - the national financial context (appendix 3)**
 - performance issues (appendix 4)**
 - identified strategic risks (appendix 6);**
 - 3. note the current performance management arrangements (appendix 5);**
 - 4. agree the issues in paragraph 8.2 as key areas where the County Council will want to press for change; and**
 - 5. note a detailed Communications and Consultation strategy will be reported to Cabinet in September.**
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1. Financial Implications

1.1 This report begins the process of developing service plans based on the financial decisions made by County Council in February 2005.

2. Background

2.1 In February 2006 the County Council agreed the indicative Council Tax levels and cash limits for portfolios and departments as the basis of future financial and service planning until 2009/10. The purpose of this report is to enable Cabinet to agree the detailed Reconciling Policy and Resources architecture and to consider the national and local policy, financial and performance context for 2007/08 and beyond in which detailed plans will be developed for consideration by the full County Council.

3. Reconciling Policy and Resources Process

3.1 The Reconciling Policy and Performance Process has been and continues to be a very successful, overarching tool to ensure the County Council's financial and policy aspirations are met. The greater certainty offered by the Government's three year financial settlement and the savings targets set by Council allow for more comprehensive three year service planning to be undertaken than has been possible in the past. Appendix 1 contains a review of the Reconciling Policy and Resources process which takes account of these changes, including proposals for: Medium Term Service Planning; an approach to efficiency and productivity; an increased emphasis on customer focus and the role of scrutiny and consultation.

4. National and Local Policy Context and Steers

4.1 Appendix 2 sets out an overview of the policy context within which the Council's priorities and financial targets need to be reviewed and developed.

4.2 The County Council has agreed its overall commitments and policy steers for each portfolio area to guide business and financial planning (Appendix 2 Annex 1). The proposed architecture involves Cabinet reviewing them and agreeing any changes to the policy steers in early October. In the interim, it is recommended that consultation is carried out to ensure that the whole Council "Commitment" and portfolio policy steers are as clear and concise as possible. The consultation will include asking Scrutiny Committees to review the policy steers for their service areas and consider whether, in the light of the work they have been carrying out in the last year, there are changes they would wish to suggest.

5. Financial Overview

5.1 Appendix 3 provides an overview of the national financial position and an updated summary of the Council's financial position for the next three years as approved in February. We can expect a very difficult CSR 2008 outside Delegated Schools Grant. Indeed, Government seems to have little room for manoeuvre. We can expect even greater exaltations for efficiencies! We are hoping the local three year cash limits reflect a reasonable position (ie growth of only 1.5% p.a. in formula grant outside schools).

6. Strategic Performance

6.1 Appendix 4 highlights key performance issues and Appendix 5 sets out the current overall business process for the County Council.

7. Strategic Risk

7.1 Appendix 6 provides an update on the key strategic risks facing the Authority, which will need to be considered as the medium service plans and targets are developed.

8. Communications and Lobbying Plans

8.1 Raising the profile of the Council's vision (our "Commitment") and key policy steers is a key aim for the whole Council. As always, a specific Communications Plan will be developed for the ongoing Reconciling Policy and Resources process (see Appendix 1), although this will be different in content from the past Plans in view of the future council tax levels already announced. This year, the Communications Plan will include consultation on the customer focus/efficiency/productivity agenda, with a particular emphasis on gaining the views of partners and staff on best use of resources. We will need to ensure full engagement with all Members. Residents will be kept informed through the Council magazine, Your County, the media and the Council's website.

8.2 A new influencing strategy was agreed by Cabinet in March 2006 as part of the new Council Communications Strategy and Action Plan, and is now in place. A number of key influencing issues have been identified for 2006/07, in particular:

- the unsustainability of the Government's financial settlement, which is most acute in respect of Adult Social Care and waste disposal – in particular to signal that the issues faced in East Sussex over older peoples services are likely to become common across the Country as the nation's demographic profile changes;
- the implications of changes in the Health service - both the restructuring of the Primary Care Trusts and the Strategic Health Authority's plans for changes to services following its consultation paper "Fit for the future";
- Housing/infrastructure issues arising from the South East Plan;
- the future funding and functions of local government – including the unique legitimacy and capacity of local government to act as the strategic and democratic voice for areas, our strong record of delivering efficiencies and the part that Government can play in facilitating greater efficiency and productivity, through encouraging the development of shared services for example; and
- the future of the regulatory and inspection regime for local government.

Cabinet is asked to agree these as the priorities for our lobbying work.

9. Next Steps

9.1 Lead Members and Chief Officers will begin the service planning and consultation processes set out in this report and appendices.

Cheryl Miller

**Chief Executive
on behalf of all Chief Officers**

Contact Officers

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Reconciling Policy and resources – The Next Evolution
2006/07 to 2009/10

The New Challenge

1. In setting the 2006/07 budget, the Council also set both its council tax agenda for the four years to 2009/10 and its service cash increases, and hence cash allocations, for the 4 years to 2009/10. In the case of the former, the County Council is committing to the following downwards trajectory in council tax increases:

<u>Council Tax Increases</u>			
2006/07	2007/08	2008/09	2009/10
4.7%	4.3%	3.9%	3.5%

2. In terms of service cash allocations, the County Council has settled the following differential service allocations reflecting both relative priorities, future high level efficiency expectations and future risk management:

	% cash increases – year on year		
	07/08	08/09	09/10
Adult Social Care	5.5%	5.0%	5.0%
Children's	1.9%	1.7%	1.7%
Highways	1.5%	1.0%	1.0%
Libraries	1.5%	1.0%	1.0%
Building Maintenance	1.0%	0.5%	0.5%
Waste PFI	2.5%	2.5%	2.5%
CEX (exc. Libraries)	0.0%	0.0%	0.0%
CRD (exc. Buildings)	0.0%	0.0%	0.0%
T&E (exc. Highways)	0.0%	0.0%	0.0%
Waste – non PFI	0.0%	0.0%	0.0%

3. These allocations will not change. There is a small allowance held corporately for excess inflation and risks which will be allocated in year in the normal way. It means services will have to absorb inflation and other pressures within the allocation given. This now significantly alters the focus of Reconciling Policy and Resources. It moves away from largely a debate on the production of the annual budget to, instead, a debate about delivering coherent and sustainable services over the medium term – within the relative certainty of differential cash allocations over the same period. As such, it is no longer a debate largely about 'how much' but rather 'how well' the resources are used.

4. This is an innovative approach amongst our county council peers.

5. Linked to this, the Cabinet is keen to minimise the real service reductions implied by the cash limits – by maximising gains from improved productivity and efficiency. To assist in this it has established considerable corporate invest to save capacity. This is further helped by the relative certainty of service cash limits over the medium term. That said, some difficult service choices are inevitable.

6. The new challenge changes the nature of the key tasks under Reconciling Policy and Resources going forward.

Reconciling Policy and Resources

7. The Reconciling Policy and Resources (RP&R) business planning process has been in place for five years. It is well understood across the Council and commended externally. Its key strengths involve:

- the driving and core link to Cabinet and portfolio policy steers through to individual work plans ('The Golden Thread');
- accountability, transparency and clarity about what can or can not be provided over the short and medium term;
- integrated, sound and prudent financial and risk planning;
- engagement with residents, partners and staff and;
- the active involvement of scrutiny and the framework for subsequent performance management.

The key outputs include the production of coherent and integrated council plans, service plans, and revenue and capital budgets. These are then linked to staff activity through individuals' targets.

8. On the basis of key members' and officers' reflections on the process of the last round we need:

- to improve the connection between the Council Plan production on the one hand and RP&R and policy steers on the other;
- to reduce the production and volume of paper involved;
- advance warning of key outputs required during the year;
- to review policy steers, the links to the Council Plan and the overall 'commitment' statement to ensure they give clear direction.

Key Outputs and Outcomes for 2006/07 Onwards

9. The key outputs and outcomes from RP&R for each portfolio for the future are 3 year service plans to 2009/10 (building upon the 2006/07 plans) which reflects:

- demonstrable and clear links to the overall vision for the whole Council (the East Sussex Commitment) and the portfolio policy steers for each service (see appendix 2 annex 1);
- informed staff engagement;
- sound 'analytical review' of current spend to establish current value for money and whether all spend is consistent with policy steers;
- sound grasp of medium term financial risks and desired policy shifts;
- demonstrable links to customer focus improvements (see para 15 below);
- savings plans, showing the contribution from productivity and efficiency, which sets out how both future cost pressure and desired additional investment or policy shifts can be accommodated within the signalled medium term cash limits;
- consistent departmental medium term financial plan;
- consequent annual budget and service plans;
- what impact, if any, the proposals put forward would have on the workforce; for example, redundancies, training/re-skilling, and highlighting where possible difficulties in achieving service objectives may be experienced owing to key skill shortages or recruitment and retention issues.

10. Across the Council as a whole this needs to build towards and deliver:

- the annual Council Plan which is coherent across the range of services as well as integrated with consistent revenue and capital budgets;
- coherent and coordinated communication and consultation.

11. In many ways many of the building blocks are already in place. This round of RP&R seeks to pull all that together but also to move forward in terms of meaningful 3 year service plans across the council.

Key Building Block – 3 Year Service Plans

12. The key building block to link all of the above together and to drive the whole process forward must be the 3 Year Service Planning process and the resultant plans.

13. It is crucial that this process, and the 'paper-work' generated, is not just treated as some additional burden on service or business planning within departments and that it is seen as a key tool for services and departments themselves.

14. The focus is as much on the service planning, by service area, as it is on the resultant plans themselves.

'Template' For 3 Year Service Planning

15. It is recommended that the sequence of steps below is followed (see annex 1 for more detail):

- (a) confirmation of service policy steers;
- (b) confirmation of current position and key drivers going forward including comfort or otherwise that current spend is efficient and consistent with the policy steers;
- (c) customer views and consultation - past and future plans.
- (d) desired service end point after 3 years (i.e. by 2009/10) – including desired customer focus improvement and statements about what the service will look like compared to now;
- (e) planned budget and service targets and key actions/milestones for each of the following 3 years to 2009/10, accompanied by a statement covering initiatives to be adopted in relation to the workforce in order for service targets to be achieved;
- (f) identification of standstill, other risks and desired (re)investment cost pressures within and across services within the department over the medium term (the latter will indicate relative priorities);
- (g) extent of mis-match between spend pressures and cash allocations by service area;
- (h) departmental and service based productivity and efficiency plans to help meet the mis-match (including Invest to Save bids);
- (i) other savings plans required;
- (j) key risks and proposed risk management;

16. Unlike in the past, a simple 'proforma' that will cover all the range of differing complexities across the services beneath each of the above considerations cannot be prepared. The output and thought process must, however, cover the above and do so in such a way that it can also easily meet corporate information requirements such as council plan production, summary of savings requirements etc. In some cases a more precise "proforma" will, however, be both helpful and necessary e.g. a Medium Term Financial Plan format has been agreed with the Finance Management Team (FMT).

17. Set out at Annex 1 is guidance on the key questions and issues that should be covered within the key bullet points listed in paragraph 15 above.

18. In respect of capital planning, the 3 year planning process should identify ambition and initial bids etc but the process will be managed through the CAPS team and process in the usual way.

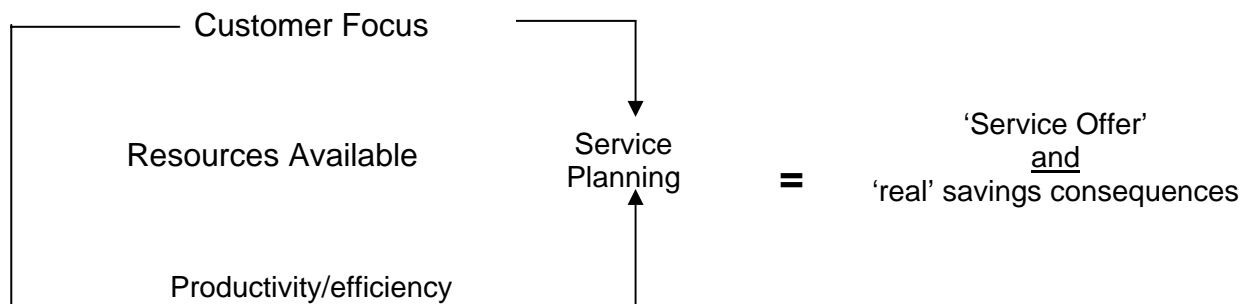
Approach to Productivity and Efficiency and link to Customer Focus

19. Future cash allocations will mean a gap between standstill/other pressures and the cash available. The Council is committed to maximising the contribution that productivity and efficiency can make to bridging the gap – and hence minimising real front line service reductions although some difficult choices will be inevitable.

20. This will mean examining carefully what the individual service is trying to achieve in terms of the outcome for customers/clients. Early engagement with service users will be vital to the process. There is a crucial link between productivity/efficiency and customer focus. Every department has good examples of where customer focused improvements have been achieved alongside improvements in productivity and efficiency. In all cases they have been produced by looking at services critically, and with creativity and innovation, seeking to maintain or improve the impact on customers/clients when faced with less resources than would normally be needed.

21. "Customer focus" in the County Council always means starting from the residents' perspective. It is much more than how quickly the phone is answered or how good the website is. Customer Focus means we put our residents (both as service users and council tax payers) at the heart of our service planning and delivery. This doesn't mean never saying "no" - we have limited resources - but it does mean making the very best of the resource we've got and always aiming to meet or exceed customer expectations. The Council needs to have a more integrated approach to each citizen, recognising that individuals are likely to receive services from more than one department. Customer Focus also means we treat all our residents with respect, ensuring we communicate and consult with them effectively.

22. In simple terms it can be illustrated as follows:



This is at the heart of the productivity change programme that will be rolled out progressively in the coming months. In addition the change programme is intended to help all staff see their time as precious and thus use that time as productively as possible on the tasks that matter.

23. In practice, this means service planning is focussed on maximising the intended customer/client impact within the resources available and being clear about the nature of the service to be provided and how this differs (with the real savings consequences) from the past.

24. Cabinet have set a minimum target of 2% productivity/efficiency savings from all services in arriving at the differential service cash allocations to 2009/10. This will therefore be a minimum requirement for the process.

Key Timetable and Key Tasks

25. The key timetable milestones are as follows:

<u>When</u>	<u>What (inc Key Tasks)</u>
21 July	Update on 3 year pressures. Being compiled by FMT.
1 August	(a) State of the County report from the Chief Executive to the Cabinet formally launching next round of Policy and Resources.
Sept	Opportunity for Scrutiny Committees to comment on portfolio policy steers.
End of September	(a) Portfolio leads to confirm or amend policy steers after scrutiny comment including relative priority. (b) First draft of 3 year service plans produced and an indication of relative priorities across the portfolio as a whole.
Oct to Dec	(a) Further revision of 3 year plans with particular focus on budget and service targets, the productivity contribution and other savings in each of the next 3 years but especially for 2007/08. (b) Scrutiny review of emerging 3 year plans. (c) consultation/communication with partners and residents (d) Expected confirmation of Formula Grant award for 2007/08.
January 07	(a) Recommendation by Cabinet of final service and budget package for 2007/08 and headline council plan targets. (b) Further investment of scrutiny.
February 07	Full Council
April 07	Council Plan published on the intranet
30 June 07	Statutory obligation to publish the Council Plan along with BVPI outturns and three year targets.

Note: '2 by 2' meetings will be held throughout the process to review progress and identify areas of challenge.

2 by 2 Process – Key Oversight

This will continue to be a key part of overseeing the whole process (although it does not stand alone from periodic consideration by Cabinet and COMT).

The first round of meetings will cover the following:

- (a) emerging thoughts on proposed changes in individual portfolio steers;
- (b) issues arising in respect of the current year;
- (c) discussion around emerging/developing service 3 year plan thinking.

As a process, each meeting can generate particular questions or queries requiring further information and research. For obvious reasons it is not possible to anticipate such information requests in advance. From a corporate perspective the appropriate COMT and Cabinet meetings will receive an update on the tasks as per the outline timetable set out above. Beyond that it is proposed to issue or confirm corporate schedules or information requirements at least 4 weeks in advance of the relevant Cabinet meeting.

Better Linkages between RP&R and the Council Plan.

This issue has been identified as needing improvement in the future. Policy, finance and performance teams will work together to strengthen these links.'

Coordination and Contacts.

On behalf of Cabinet and COMT, the Leader and Chief Executive respectively, are responsible for Reconciling Policy and Resources. At the Member level the exercise is managed by and coordinated by the Deputy Leader on behalf of the Leader and Cabinet. At the officer level the exercise is managed by Sean Nolan, Deputy Chief Executive and Director of Corporate Resources and Becky Shaw, Director of Policy Management and Communications.

In terms of detailed queries please contact the following:

<u>TOPIC</u>	<u>CONTACT OFFICERS</u>
Overall process	Sean Nolan or Becky Shaw
Policy Issues	Becky Shaw or Jane Mackney
Performance Issues	Andrew Ogden or Charlotte Thackray
Finance Issues	Richard Hemsley, Steve Potts, Sean Nolan
Workforce Planning Issues	Liz Felstead

Conclusions

The 3 year service planning process is a vital step forward in the RP&R process. Pursuing customer focused productivity improvements – so as to minimise the real service cuts which would be otherwise required – is an equally crucial aspect of this next phase of RP&R.

The timing of 3 year plans to 2009/10 falls neatly in the current political cycle and timeframe of the current administration. That said the intention would be to update and produce rolling 3 year plans as well as undertaking a more fundamental review after the next County Council elections in May 2009.

Sean J Nolan
Deputy Chief Executive and
Director of Corporate Resources

Becky Shaw
Director of Policy and Communication

July 2006

Further Guidance on Key Steps in Service Planning

(a) Confirmation of Service Policy Steers

Policy Steers must reflect each Lead Member's aims and ambitions in relation to their portfolio and be consistent with the reality of the direction implied by the 3 year planning process.

Each Chief Officer and/or the respective DMTs needs to work through the desired policy steers with their Lead Member. For the period up to 2009/10 Policy Steers should be produced for the key and distinct service areas making up the portfolio as a whole (e.g. Waste, Highways etc with T&E). Policy steers also need to be succinct and clear. Equally, the choice of service areas and number of steers need to be proportionate for the portfolio as a whole.

At each significant stage through the planning process, emerging future targets and actions should be checked back to the policy steers to ensure they are consistent.

(b) Current Position and Key Drivers Going Forward

- Consideration of the current position should include:
 - consideration of issues arising from recent customer surveys;
 - relative and trend performance on key business indicators including CPA/external assessment indicators;
 - performance issues arising from inspection and other feedback;
 - most recent (and best available) Value for Money/efficiency benchmarking exercises;
 - checks that current spend is in line with priorities;
 - consideration of any current workforce issues or trends, negative or positive, that are key to service planning objectives.
- Consideration of key drivers, apart from the reality of policy steers and future financial allocations, should include:
 - service development priorities;
 - service demand/demographic trends;
 - legislative change/influences;
 - contract/partnering changes or opportunities;
 - other financial risks (e.g. specific grant changes).

(c) Customer views and consultation - past and future plans

The following is important:

- Ensure feedback from customers is used to plan services
- Use previous (but recent) consultation (either ESCC or national research if available) or plan new consultation to influence service provision matched to customer needs and the resources available.
- Look on the consultation database on the intranet. This outlines major consultation carried out by all departments. Or view the consultation section on the Council's website.
- Do it right! The Council's Consultation Officer in the Communications Team can offer advice on consultation methods and best practice
- Ensure the results of any new consultation are fed back to your customers, and keep them informed about what actions might be taken as a result.

- Customer Focus is also about making our costs and choices visible and managing expectations.

(d) Desired Outcome after 3 years (i.e. by 2009/10) – including customer focused improvement – consistent with the financial resources available.

For each key service stream outline:

- what the customer experience or focus will be and how that will differ from the current experience;
- what it will look like in terms of performance and key business indicators including relevant unit costs.

From this work should flow an explanation of what is needed in each of the next 3 years in terms of:

- key changes required;
- key actions or milestones and when;
- additional revenue (re) investment requested;
- additional capital investment required;
- efficiency or productivity opportunities.

(e) Planned budget and service targets and key actions or milestones for each of the following 3 years to 2009/10.

A key output, and proof of effective 3 year planning, is that it can produce the appropriate annual budget, service targets and key actions/milestones for the purpose of both the annual Council Plan production and annual departmental or service planning.

The exact formats of targets etc required, for corporate purposes, will be advised later in the year as part of the usual guidance on the production of the Council Plan.

Medium Term Financial Plan

Covering:

- (f) standstill, other risks and desired (re) investment cost pressures within and across service within the department over the medium term (to 2009/10);
- (g) extent of mis-match between spend pressures and cash allocations;
- (h) departmental and service based productivity and efficiency plan to help meet the mis-match (including Invest to Save Bids);
- (i) other savings required.

The Finance Management Team (FMT) have developed a standard proforma format to summarise the above. This has already been circulated for each main service area it should give:

- | | |
|--|----------|
| • base budget (i.e. 05/06 for 06/07 planning year etc) | X |
| • inflation – normal | X |
| • inflation – excess | X |
| • contractual commitments | X |
| • other unavoidable (e.g. loss of specific grant) | <u>X</u> |

	X
• policy commitments	X
• desired (re) investment growth	X
	<hr/> X
Service Allocation	X
Mismatch	<hr/> (X)
Productivity/efficiency savings	(X)
Other savings	(X)
	<hr/> X

In practice, supporting details will be required in respect of (g) and (h) above (i.e. productivity/efficiency savings and other savings) to explain planned actions and impact.

(j) Key Risks and Proposed Risk Management

Past plan proformas have required that the key risks to the delivery of objectives are set down with some sense of the proposed mitigating actions to be taken. This will be required again but it is not proposed to prescribe a set format.

National and Local Policy Context

1 THE FUTURE OF LOCAL GOVERNMENT

White Paper

1.1 Following the Central Government Cabinet reshuffle in May, and the creation of the Department for Communities and Local Government (DCLG) under the leadership of the new Secretary of State Ruth Kelly, the White Paper outlining proposals for the future of Local Government is not now expected to be published until October/November 2006. In addition to proposals for local government form and function, the White Paper is expected to contain proposals for the future of local government inspection and performance management.

1.2 The White Paper will draw on the conclusions of the "local:vision" debate with local authorities and their communities which is currently underway. The White Paper is expected to identify structural and governance arrangements, which will:

- empower local people, neighbourhoods and communities;
- provide strong, strategic leadership;
- deliver joined-up co-ordinated local public services; and
- provide value for money.

1.3 David Miliband MP, then Minister for Communities and Local Government, visited East Sussex on 24 March with his officials as part of a series of visits he made to discuss the future role, functions and form of local authorities in England. Leaders from all East Sussex local authorities presented their vision of improved two-tier working in the County to the Minister.

1.4 There has been much talk from the Government about "double devolution" as part of the debate on the future of local government, but it is not clear how double devolution is defined. The challenge for local government over the summer will be to turn the debate from one about structures to one about the unique legitimacy that local government has to represent local communities and to make decisions about local public service needs and priorities.

Local Implications

1.5 Local authorities in the County will need to try to influence the debate away from structures to functions and freedoms for all authorities. Care will need to be taken that the any proposals in the White Paper do not damage the partnership work, between the County Council, Borough and District Councils and Parish Councils and other partners that is producing real improvements in services for the people of the County.

Regional Economic Development

1.6 In addition to the debate about local government structures, there is widespread interest in reviewing the current system of economic development decision-making, as seen in recent papers by the Treasury, OPDM, the Lyons Inquiry and several think-tanks. There are potentially significant benefits from devolving the power to shape local economies down from central and regional government apparatus. Policy and spending decisions on regeneration, skills, transport and infrastructure could be taken closer to the citizen. The debate has centred on city-regions as the appropriate scale at which to design and deliver policy interventions. County-regions could form a complementary

model for such devolution as they are, in fact, broadly comparable to city-regions in terms of:

- providing economic scale;
- possessing economic productive capacity;
- displaying 'clustering' within the economy, and hence potential to realise localisation benefits;
- containing knowledge-intensive firms and workers;
- offering access to higher education;
- providing international transport links; and
- being a 'natural unit' with a degree of elective or effective community.

Devolution of strategic functions to County areas would fulfil the Government's commitment to subsidiarity and would make decision making in these functions more democratic and accountable.

Local Implications

1.7 The County Council is driving forward the economic prosperity of the County and wants to have the responsibility to take strategic decisions about investment and development in the County, having both the strategic capacity and democratic authority to do so.

The Lyons Review

1.8 In 2004, the Deputy Prime Minister and the Chancellor of the Exchequer commissioned Sir Michael Lyons to undertake an independent inquiry to consider the case for changes to the present system of local government funding in England and make recommendations, including on the reform of council tax. In September 2005 the Inquiry's terms of reference were extended to cover questions relating to the function of local government and its future role as well as how it is funded.

1.9 Sir Michael Lyons published his report about the role and function of local government on 8 May. In *National prosperity, local choice and civic engagement: a new partnership between central and local government for the 21st Century*, he argues for:

- greater local choice and less central control; and
- greater freedom to 'place-shape' – where local government takes responsibility for the well-being of an area and the people who live there, promoting their interests and their future;

1.10 The paper sets out a challenge for Central Government to allow space for effective 'place-shaping' by setting fewer and better-focused targets and reducing supervision of local government by Central Government. The roles of central and local government should also be clarified, based on an assessment of which is best placed to do what.

1.11 The challenge for local government is to build on recent improvements, to tackle the challenges of promoting effective local choice and energetic 'place-shaping'. This would require:

- stronger leadership;
- closer engagement with local residents;
- effective partnership working with other services and the business community; and
- a consistent commitment to efficiency and cost effectiveness.

1.12 The findings of this report will feed into the Local Government White Paper this autumn which, in turn, will inform the Treasury's thinking on the future of local government finance as part of the 2007 Comprehensive Spending Review (CSR 07). Sir Michael is due to make his final report on the finance issues that he has been asked to examine in December 2006.

Local Implications

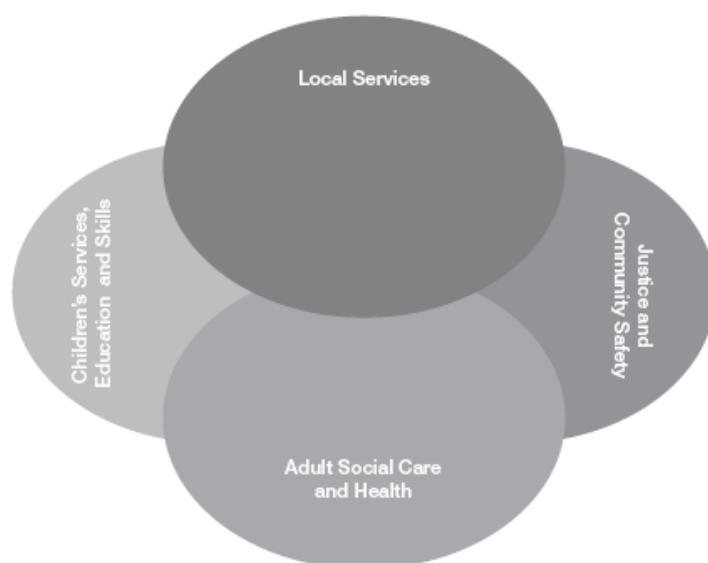
Sir Michael's interim report has made a helpful contribution to the debate on the future functions of local government. It is to be hoped that the proposals on the future financing of local government will provide more equity in the distribution of Central Government Grant which will help the Council fulfil its priorities on Council Tax levels.

Performance Assessment

1.13 The County Council will be one of the last authorities to be assessed under the existing Comprehensive Performance Assessment (CPA) framework "the Harder Test" which will come to an end after 2008. Whilst there is general agreement that the CPA was useful in focussing on Council performance, it has become over bureaucratic, over reliant on a few performance indicators (PIs) to assess services and takes insufficient account of local priorities.

1.14 The local government White Paper is expected to contain proposals for the post 2008 performance management framework. From previously published consultation documents and Ministerial speeches it appears likely that any framework will include an expectation of achievement of a range of national standards in key areas, together with an increasing emphasis on the use of citizen and service users feedback on local services as a key element of the performance management framework. These additional assurance mechanisms would then enable a gradual reduction in the national regulatory framework, including inspection. The 11 existing inspectorates will be consolidated into 4 streamlined inspectorates. The new inspectorates will be in place by 2008.

A new landscape of inspectorates



1.15 The debate about the future performance management regime and the regulation of public services is part of a wider debate about the overall regulatory regime affecting the public sector and the desire to "reduce the burden" whilst ensuring the achievement of nationally desired outcomes. This is not simply about the replacement for CPA 2005, but a wider debate about the whole inspection and performance management regime. Simply replacing CPA would not, for example, address the problem of the upwards of 1,000 unique performance indicators that local authorities are required to collect and report to Government, or the increasingly prescriptive service assessment frameworks. The Local Area Agreements were intended to be a start in this process of reducing the number of central targets and leaving greater flexibility in their delivery with localities, and more

freedom in the development of local priorities and targets for the area. The reality in the experience in East Sussex, has been that there was a good deal of central direction in setting stretch targets. Currently LAAs remain at the heart of the Government's thinking on the development of area based partnerships and performance management systems. The Local Government Association (LGA), in its recently published manifesto "*Closer to people and places – a new vision for local government*", argues that there should be no more than 30 outcomes specified nationally and the debate about local choice should move away from the idea avoiding "postcode lotteries" to embracing "postcode choice".

1.16 The Government has said that it is determined to ensure inspection is focused where it can add greatest value. Issues that it wants to explore include:

- the balance of inspection of services, organisations and a developing shift towards areas and partnerships;
- how better information systems could enable a shift to 'triggered' inspection rather than rolling programmes or regular cycles;
- when alternative forms of external challenge, could replace the need for or reduce the size and scope of inspection;
- differentiating between inspection for improvement and inspection for assurance – with a more risk-based approach to the former e.g. inspections triggered by information and evidence of underperformance rather than undertaken on a rolling cycle, and the latter possibly carried out on a streamlined, but random basis;
- how to scope the focus and length of individual inspection events better;
- how to secure effective input from users and local partners.

1.17 The LGA and IDeA launched "*Driving Improvement: a new performance management framework for localities*" at the beginning of March as part of the debate on the future of assessment post CPA. The framework is built on the idea that inspection should judge outcomes not processes, and should be proportionate to the risks involved, based on size, functions and performance. The approach would be coupled with a move away from the predominant focus on inputs and processes, towards a focus on partnership and local outcomes. The framework proposes a focus on a small number of national targets and priorities set in the context of a larger set of local priorities, increased emphasis on the use of customer information, reduced inspection, and greater use of peer challenge and sector led intervention.

1.18 The Audit Commission has not yet published suggestions for an approach to inspection post 2008 but, in its response to the Government's consultation paper on the topic at the beginning of the year, it signalled that it would welcome an approach which monitors standards of services primarily through performance indicators, with limited need for inspection, while providing assurance about standards of financial management, value for money, governance and propriety primarily through the statutory audit. It has also said it would want to see an approach in which judgements are made on a locality basis rather than for individual service providers. This approach could be helpful, as long as it is clear about who is accountable for any failures in services. The Commission is trying to introduce into the current framework a number of PIs for County Councils which relate to district council services on the basis that this is part of the "community leadership" role. Any proposals for a new framework will need to avoid this kind of confusion over accountability and what constitutes community leadership. The latter will depend crucially on local priorities and local circumstances and is not amenable to a national framework.

Local Implications

The County Council has always welcomed external challenge to its performance and has agreed to undertake a peer review in the Autumn. It would, however, welcome a more proportionate and risk based approach to inspection, which was based on assessment of local responses to local issues.

Community Safety

1.19 Community Safety is a high priority for the County Council and is consistently one of the County's residents' greatest concerns. The Government is also concerned about progress in this area and has announced a review of the Criminal Justice system. The County Council will need to keep abreast of proposals for change and to try to influence proposals, if appropriate, as they develop.

2. SERVICE ISSUES

Changes to the configuration of both the Police and Health

2.1 In addition to considering the future structure of local government, the Government has been proposing changes to the configuration of both the Police and Health Services. Both are significant for local government, not only because of the interaction between local government and these services, but also because of the signals the proposals give about the Government's thinking about the future of local services. In both cases, the changes proposed would, however, lead to the creation of larger units. The Government has recently announced that it will not be proceeding with its proposals to merge police services. The proposals for PCTs across the Country will reduce their numbers by half and, in the main, reorganisation will be on the basis of county boundaries in two tier areas. In East Sussex there will be two PCTs, served by one Chief Executive. The arguments for both these structural changes were based on the need for improved capacity and the development of specialist services. The Government's expectation is that mergers will also lead to financial savings. This need for savings will be a key driver for all the Government's policies within the public sector in the next few years.

Local Implications

2.2 Locally, the Government has proposed the reduction in number of PCTs in East Sussex from four to two. The Strategic Health Authority has recently announced that one Chief Executive will be appointed to serve both PCTs.

Education bill

2.3 This is an important piece of legislation with a range of implications for local authorities, in particular:-

- a new duty to exercise powers with a view to securing diversity of school provision and increasing parental choice;
- competition for new schools. Local authorities will have to seek permission from the Secretary of State to set up a new community school without going to competition;
- school admissions - the Bill places a statutory requirement on local authorities and schools which organise their own admissions to act in accordance with the school admissions code of practice. 'Choice Advisers' have to be appointed to support parents and interviews for admissions would be prohibited;
- transport - the bill extends the right to school transport for children eligible for free school meals or receiving working families' tax credits, giving more choice. This provision will be piloted in up to 20 areas and funding is promised from government. There is also a new duty to promote sustainable transport;
- new powers of intervention in relation to failing schools. Authorities will be able to require that schools secure advice, or take steps to join a federation. The aim and expectation is that more urgent, decisive action should be taken;

- new curriculum entitlement for young people, with key stage 4 students entitled to choose a specialised Diploma Course with vocational elements;
- discipline - the Bill makes detention of students after school hours lawful and has other measures to strengthen sanctions. Schools will be able to apply for parenting orders. Where students are excluded alternative provision must be made (according to the White Paper) in six days. Parents can be fined for allowing children out in public places in school hours during the first five days of an exclusion; and
- inspection - the Bill merges OfSTED and the children's arm of CSCI and the inspection agencies (eg CAFCAS, inspection of HM Inspectorate of Court Administration).

Adult Social Care and Health

2.4 The Community Health & Social Care White Paper, *Our Health, Our Care, Our Say* was published 30 January. The Paper sets out to meet the health challenges of the future and adapt to medical advances, whilst responding to demographic changes in society and increasing expectations of convenience and customer care.

- 2.5 The White Paper aims to achieve four main goals:
- better prevention services with earlier intervention;
 - more choice for people;
 - tackling inequalities and improving access to community services; and
 - more support for people with long-term needs.

2.6 Surrey and Sussex Strategic Health Authority is developing a strategy for improving healthcare across Surrey and Sussex in order to develop services and to establish financially sustainable healthcare. The County Council strongly supports the objectives of restoring financial balance, providing high quality services.

2.7 The issues of changing demographics and expectations of service users in both the health care and social care are one of the key issues the Government needs to address in the 2007 Spending Review. A debate about the balance of expectations and affordability, similar to that being held over the future of pensions, needs to be held. Local Authorities cannot meet the increasing demand for services through greater efficiency alone and will need additional funding if the Government's expectations about service provision is to be met.

Local Implications

2.8 The Local Health Economy is developing a Sustainability Plan for East Sussex which will set out proposals for how health services will develop within the County. This will be subject to consultation during 2006.

Planning, Transport and Environment

2.9 The Regional Assembly has agreed and submitted the South East Plan to Government. The draft plan provides the strategic framework for the region's development to 2026. Its vision is for a sustained improvement in the quality of life measured by people's well-being, the vitality of its economy, the wealth of its environment and prudent use of natural resources. The Plan's strategy for development has been the subject of sustainability appraisal and has taken account of issues such as climate change and its implications for such matters as the adequacy of water supply and the prevention of flooding. The timely provision of adequate infrastructure to accommodate further

development is a strong theme of the plan. The Sussex Coast towns (from Chichester to Rye) are identified as a separate sub-region, in which development opportunities are limited and priority must be given to economic regeneration. Hastings is identified as a regional (transport) hub, which should aid its regeneration. The plan will be the subject of public examination starting later in 2006. GOSE has commissioned research into higher housing numbers (at up to 59% higher regionally) and this will no doubt be vigorously debated at the Examination. It notes that the Sussex Coast is one of three sub-regions with limited capacity to accommodate further development. The Council has registered strong objections to the proposed apportionment of part of London's waste for landfilling to East Sussex.

2.10 The Regional Funding Allocation debate and the prioritisation of transport schemes by the Regional Transport Board, saw the Bexhill-Hastings Link Road and a number of other trunk road schemes, which are of benefit to the County, confirmed as priorities in the period to 2010/11. Further prioritisation of schemes after 2011 remains to be completed and the Council will wish to press for improvements to the A27/A259 and rail services.

2.11 The outcome of the public inquiry into the designation of a National Park in the South Downs is still awaited. If confirmed, this would establish the National Park Authority (NPA) as the planning authority for that part of the County. It is not yet known precisely how that body would be resourced, what responsibilities it would have or how it would seek to discharge them, but the County Council would need to determine its own position on such matters as future management of rights of way and Seven Sisters Country Park and on delegation of any planning powers from the NPA.

3. County Council's Commitment and Policy Steers

3.1 The County Council has agreed its overall commitment and Policy Steers in July 2005 (Annex 1). Consultation will take place on these between now and the Autumn as described in the Revised Reconciling Policy and Resources architecture (Appendix 6), before being considered again by Cabinet.

Becky Shaw
Director of Policy and Communications

POLICY STEERS

Pride of Place - The East Sussex County Council Commitments (All Cabinet Members)

We will be a modern, efficient, accountable authority leading work with partners to deliver to all our customers and communities:

- *increased prosperity and security for East Sussex*
- *affordable, quality core services at lowest possible council tax*

We will make a positive difference to local people's lives by making best use of resources, being clear about the choices involved and encouraging local communities to thrive.

These commitments are supported by policy steers for each portfolio:

Strategic Management and Economic Development (Cllr Jones)

Strategic Economic Development (Cllrs Jones and Radford-Kirby)

- Raise the prosperity of East Sussex through improved work force skills, enterprise creation, access to funding and increased investment in infrastructure.

(also see policy steers marked with a double asterisk in other portfolios which have significant economic development impact)

Strategic Management

- Create sustainable communities by providing strategic leadership, empowering people and delivering locally
- Further improve the quality of services through effective performance management, scrutiny, legal and policy support for members
- Provide a consistently high quality Personnel and Training service, recruiting, retaining and developing the highest quality staff to their full potential in order to better achieve the Council's objectives
- Continue to improve equity and equality of opportunity for all through our service delivery and as an employer
- Improve the County Council's reputation by explaining our policies and decisions clearly and ensuring consistent information and messages using the full range of communication methods
- Involve local communities by ensuring residents have well informed expectations and their views about services, policies and priorities are taken into account.
- Maintain an effective emergency planning service

Corporate Resource Planning & Management (Cllr. Reid)

Policy and Finance

- Deliver the lowest level of council tax consistent with the Council's core priorities through:
 - co-ordinating, setting and maintaining resources and funding policy of the authority.
- Maintain and improve high standards of resource management through:
 - Reconciling Policy and Resources;
 - Effective financial and management control, including the roll out of financial management excellence across the council;
 - Full involvement of scrutiny;
 - Effective medium term planning.
- Drive (in partnership as appropriate) efficiency, procurement and productivity programme – as part of service planning – to maximise value for the residents.
- Manage risk and uncertainties in future resourcing through realistic planning and maximising lobbying opportunities.

Effective Property Management

- Maximise the efficiency of the property portfolio on behalf of the council through:
 - Effective asset management covering, utilization, maintenance, accessibility, disposals and modern ways of working;
 - Effective county-wide capital planning linked to the property necessary to deliver service priorities including office accommodation needs and new HQ possibilities;**
 - Effective energy management as a contribution to addressing global warming.

Community Services (Cllr Tidy)

E-Government

- Deliver further efficiencies in service delivery.
- Provide better tools for front line staff.
- Implement our 'Customer Access Strategy', including a network of Community Help Points and Internet Kiosks (with partners), and internally new customer facing service based contact centres.
- Ensure all Council services that are capable of being delivered electronically, are so delivered by the end of 2005.
- Support and develop the work of the East Sussex E-Government Partnership ('Access East Sussex'), under the overall direction of the ESSP.

- Deliver the corporate 'Next Generation Network', combining voice and data technology.

Community Partnerships

- Work with partners to keep East Sussex safe, in particular by reducing anti-social behaviour, tackling inappropriate alcohol and drug use and ensuring that community safety remains a high priority in our services.
- Provide community leadership in delivering the community strategy (Pride of Place) and future Local Area Agreement and enabling the local leadership role of elected members;
- Improve the way we work with the voluntary and community sector.
- Work with partners to provide services to Travellers that takes account of their needs and those of settled communities.

Community Services

- Provide modern Library Services for all, especially older people and rural communities. Contribute to improved access to council services through help points and kiosks.
- Improve skills through a focussed local strategy and learning opportunities for all adults which will increase take up, use of the People's Network and completion of Learning Courses
- Promote development of culture and take up of arts opportunities.
- Seek to build a new, externally funded, Record Office
- Promote informed, successful businesses in a fair and safe trading environment; encourage informed, confident consumers and protect vulnerable consumers

Adult Social Care – (Cllrs Glazier and Bentley)

- Improve how people access advice, help and support, jointly with Health and Housing
- Develop the assessment and management of peoples care that focuses on their individual need, circumstances and personal preferences, jointly with Health and Housing
- Improve how we plan and commission services, jointly with all our partners
- Support more older people and vulnerable adults in their own homes and local community
- Increase access to intermediate care and rehabilitation services that promote independence
- Improve opportunities for vulnerable people to positively engage with their communities and further encourage participation in local services and activities.
- Involve users and carers in the planning and delivery of services

- Develop disability and mental health services which focus on community support, ensuring effective transition from children's service
- Continue to improve joint working with Health, Housing, Independent and Voluntary sectors

Children's Services (Cllrs Glazier, Stroude and Simmons)

- Secure effective Children's Trust arrangements in East Sussex, including integrated processes for planning and commissioning services.
- Keep children safe by further developing safeguarding arrangements and family support services.
- Continue to raise the educational achievement of children and young people at each key stage.
- Continue to improve the achievement and wellbeing of Looked After Children
- Implement the outcomes of the Review of Special Educational Needs, including the establishment of an integrated service to support children and young people on the autistic spectrum.
- Secure further improvement in the quality of leadership and management of schools.
- Establish effective integrated services for children under five and their families through the creation of a strategic network of Children's Centres, and raise the quality of learning provision at the Foundation Stage.
- Improve access to services, particularly in the rural area, and promote equity and equal opportunity.
- Increase participation in learning.
- Sustain an effective school place planning function and develop and maintain a Children's Services capital strategy.
- Develop and maintain an effective strategy to support vulnerable teenagers
- With partners, further develop measures to reduce bullying and anti-social behaviour.
- Develop disability services jointly with Health focusing on community support and ensuring effective transitions to adult's services.
- Further develop arrangements for consulting with service users, and involving children and young people in service development.
- Promote healthy lifestyles, through the promotion of healthy eating and the attainment of the Healthy Care Standard and Healthy Schools' Standard
- Promote excellence, including further development of opportunities for gifted and talented children and young people.

Transport and Environment (Cllr Lock)

- Provide less congested and safer roads, with targeted maintenance, traffic management and parking controls. (including decriminalised parking in towns)

- Promote the Bexhill-Hastings Link Road and press for upgrades of A21, A259, A27 trunk roads, especially dualling of A27 at Southerham/Beddingham.
- Promote improved rail links along the South Coast and to London and explore the case for reinstatement of rail between Lewes and Uckfield.
- Introduce more village speed limits, using speed reactive signs to reinforce them.
- Work with our Schools and Colleges through Travel Plans to cater efficiently for movements of young people.
- Develop new waste facilities that will cater safely for our own needs, while exploring the establishment of a single collection/disposal authority with our Boroughs and Districts.
- Plan strategically for the development of the County, inside the SE region, with a focus on our coastal communities, taking full account of the essential links between development and infrastructure.
- Prepare Master Plans for the “Eastbourne-Hailsham” area ** and “Central Rail Corridor”.
- Work with nature to create wetlands that will help to cope with flooding and attract Environmental Tourism, seeking efficiencies from partnership working with other organisations.
- Progress major planning applications which deal with facilities critical to our environment such as waste and wastewater processing.

Financial Commentary

National Position

1. The Government have already set grant settlements for local authorities for the period 2006/07 and 2007/08. That takes the allocations to the end of the current Comprehensive Spending Review round. For County 'floor' authorities, of which there are currently 18, the floor increase for 2007/08 is 2.7% (compared to 2% for 2006/07).
2. In terms of the Dedicated Schools Grant (DSG), Government also announced the increases for 2006/07 and 2007/08. The headline increase, per pupil, for DSG in 2006/07 was 6.8% with the equivalent increase for 2007/08 set at 6.7%. This was based upon the provisional pupil number count undertaken by the Department of Education and Science as advised in December 2005. The actual final DSG notified by Government for most authorities, for 2006/07, was some 0.5% less, on average, than the provisional settlement. Nationally, this equates to £90million which will not be distributed in 2006/07. (The impact for East Sussex, is that the final DSG to be received for 2006/07 is some £1.4m less than has been built into published schools budgets. The intention is to claw this back from the school budgets in 2007/08, so as to avoid re-issuing school budgets in the current year).
3. The next Comprehensive Spending Review (known as CSR07) runs from the period 2008/09 to 2010/11. All the indications point to this being a very difficult and tight public sector round – with significantly reduced rates of planned increases in public spending. This is, in a sense, compounded with the clear signals from Government of wishing to continue to favour, relatively, both health and education. Clearly, this reduces even further the scope for increases in all other services at the national level.
4. Government departments have until spring 2007 to make submissions to the Treasury. We understand that efficiency/value for money as well as Adult Social Care and Waste will be major themes. In relation to efficiency it is highly likely that 2.5% efficiency savings p.a. will be expected for the period 2008/09 to 2010/11. Beyond that, however, it is not possible at this stage, to point to any particular CSR 2007 outcomes for local government other than the obvious general 'health warning' about it being a difficult and tight settlement in the round. Both the County Council Network and the Local Government Association are seeking to influence submissions where they can.
5. The CSR07 deals with the spending quantum with the funding formula dealing with how it is distributed. The current formula grant position, looking at Counties as a group, is effectively a case of two completely unrelated settlements, i.e. the actual cash increases from floors and scaling versus the underlying formula. The underlying formula would imply very marked winners and losers if it was to be implemented for

2008/09. Indeed, all South East Counties would lose, some very significantly. The Minister for Local Government, Phil Woolas MP, has advised the CCN, at a recent meeting, that the regime of floors and scaling will be “a permanent feature of the system” and will continue for 2008/09 onwards. The Minister has not indicated what the size of the floor would be. Clearly, for East Sussex, in the absence of a change in the underlying formula, it is better to rely on a floor increase than a grant reduction from the application of the current underlying formula.

6. Implementation of a new “fairer” formula for East Sussex is the desired solution but it is looking increasingly unlikely that there will be any new significant formula changes for the period 2008/09 onwards. Even if there were changes, it is highly likely the Government would simply over-write it with the regime of floors and scaling back of winners as is the case now. Further formula changes become a moot point in that sense. It is a very possible scenario, therefore, that all counties will be facing the current regime of floors and scaling through to 2010/11. Indeed, in such a scenario it is not immediately clear how increases in the planning spending quantum from the CSR 2007 process would feed through to local authorities in the context of floors and scaling.
7. The Lyons Inquiry is due to report in December. This could also have a very significant bearing on the national financial context for local government over the medium term. In addition, the White paper due in October could also have significant implication.
8. Outside Formula Grant, we expect more movement in specific grants (which are still extremely significant especially in relation to Adult Social Care and Children’s Services i.e. £90m in total excluding DSG). There are no precise details as yet but the key risks relate to withdrawal or curtailment with an (unfunded) expectation that the funding will be “main-streamed”. In addition, Government could review how certain specific grants are distributed. We know, for example, that Government intends to review the distribution of DSG. Such reviews, if they increase the weight given to deprivation factors, will almost automatically shift resources away from County areas to Metropolitan areas.
9. On a more minor level, Government have signalled their intention to review the operation of the Local Authority Business Growth Incentive Scheme (LABGI).

Local Position

10. At its meeting last February the Council endorsed the medium term differential cash allocations through to 2009/10. Alongside this, the planned increase in council tax will reduce to 3.5% by 2009/10. The detail of this is set out in Annex 1 with the more detailed numbers considered by Council last February included as Annex 1A to this appendix. It is worth noting that the cash allocations would increase

Adult Social Care by some 5% per year with Children’s Services increasing by some 1.7% per year. There is provision for the Waste PFI and modest cash increases for Libraries and Highways Maintenance but beyond that all other services have to cope with a ‘zero cash increase’ in each of the next 3 years. All this can be compared with simple inflation of some 2.5% p.a.

11. The medium term plan assumes 1.5% increase in formula grant after 2007/08 with any changes in specific service grants having to be absorbed by the department concerned within the cash limits now set.
12. As per the normal process at this time of year, forward estimates of standstill inflation etc are being updated. On the basis of the forward pressures estimates produced in February, the future cash limits imply the follow minimum savings:

2007/08 £m	2008/09 £m	2009/10 £m
4.6	5.0	5.5

The intention is to deliver as much of these savings as far as possible from productivity and efficiency but some real service consequences are inevitable. A Government expectation of a further 2.5% per year efficiency savings would imply annual savings of £7m but up to 50% can be covered by ‘non-cashable’ savings.

13. This is, of course, on top of the savings achieved over recent years as follows:

	Annual £m	Running Total £m
2002/03	7.9	7.9
2003/04	0.5	8.4
2004/05	2.9	11.3
2005/06	3.0	14.3
2006/07	6.2	20.5

14. Capital planning remains an important part of Reconciling Policy and Resources. The current position remains of an excess of ambition in the back 3 years of the ‘2+3’ Model. This will need to be worked through in the context of the latest information on priorities and resources (including the PSA outturn which indicates a likely reward grant of £7m of which some £2m is to be shared with District/Borough partners).
15. Finally, Members are aware of key strategic risks. In financial terms, Adult Social Care followed by Waste have the largest council wide

APPENDIX 3

implications. In addition, the impact of high level changes in specific grants has been discussed. Further changes in the Local Government pension Scheme are possible in 2008. Excess inflation continues to be an issue but the allocations assume some £0.6m per year. In addition, some £0.5m per year has been set aside for new in year risks.

EAST SUSSEX COUNTY COUNCIL REVISED GUIDELINES		Adjusted Base		Accepted Standstill Pressures		Total Standstill Budget		Savings (on standstill)		Use of Flexibility		Total Cash Change on base		2006/07 Budget	
		2005/06 £000		£000	%	£000		£000	2006/07 %	£000		£000	%	£000	%
Chief Exec (exc Libraries)		8804		392	4.5%	9196		-538	-6.0%	75		-71	-0.8%	8733	-0.8%
Libraries		6428		183	2.8%	6611		-228	-3.4%			-45	-0.7%	6383	-0.7%
		15232		575	3.8%	15807		-766	-4.8%	75		-116	-0.8%	15116	-0.8%
CRD (exc Building Maintenance)		5679		336	5.9%	6015		-382	-6.0%	25		-21	-0.4%	5658	-0.4%
Building maintenance		4078		206	5.1%	4284		-152	-4.0%	50		104	2.6%	4182	2.6%
		9757		542	5.6%	10299		-534	-5.2%	75		83	0.9%	9840	0.9%
Total Childrens		51393		2587	5.0%	53980		-1149	-2.1%	425		1863	3.6%	53256	3.6%
Adult Social care		109016		10018	9.2%	119034		-2292	-1.9%	100		7826	7.2%	116842	7.2%
T&E - Highway Mtce		15588		678	4.3%	16266		-556	-3.5%	100		222	1.4%	15810	1.4%
T&E - Other		11877		605	5.1%	12482		-731	-6.0%	25		-101	-0.9%	11776	-0.9%
T&E excl Waste		27465		1283	4.7%	28748		-1287	-4.5%	125		121	0.4%	27586	0.4%
Waste PFI		12035		366	3.0%	12401		0	0.0%			366	3.0%	12401	3.0%
Waste Non - PFI		1322		55	4.2%	1377		-69	-5.2%			-14	-1.1%	1308	-1.1%
Waste		13357		421	3.2%	13778		-69	-0.5%	0		352	2.6%	13709	2.6%
Service Spend Total		226220		15426	6.8%	241646		-6097	-2.5%	800		10129	4.5%	236349	4.5%
Treasury Management etc		31468		909	2.9%	32377						909	2.9%	32377	2.9%
Amending Reports				-44								-44		-44	
Contribution to invest to save						475		-215		1,000		1000		1000	
Second homes scheme		475				475						-215		260	
Redundancy Provision		600		200		800						200		800	
Corporate waste provision		11070		900		11970						900		11970	
Unallocated				2385		2385				-2,385		0		0	
Base Adjustments		1000		-1000		0						-1000		0	
Key appointment scheme		200				200		-200				-200		0	
Other Levies		281		54		335						54		335	
Contribution to/(from) general reserves		132		-132		0						-132		0	
		45226		3272	7.2%	48542		-415	-0.9%	-1385		1472	3.3%	46698	3.3%
Grand Total		271446		18698	6.9%	290188		-6512	-2.4%	-585		11601	4.3%	283047	4.3%
Financed from:															
Formula Grant		78,205										1565		79,770	2.0%
Council Tax		192,497										10276		202,773	
Adjustments for earlier years		744										-240		504	
		271,446										11601		283,047	
Council Tax		£958.95												£1,004.28	£45.33
increase %		4.2%												4.7%	
Estimated Tax base		200,800												201,909	0.55%

State of the County Report 2006 - Current performance issues

1. INTRODUCTION

- 1.1 This report focuses mainly on service specific performance issues for 2007/08 and beyond and highlights any current issues for delivery of the policy steers.
- 1.2 Key national issues that affect the performance of East Sussex County Council are highlighted in the 'national policy context' appendix of the 'State of the County' report.
- 1.3 The longer term ambitions for each portfolio are set out in the Council Plan 2006/07 (www.eastsussex.gov.uk/councilplan) and reflect the policy steers set by the Cabinet.
- 1.4 Local policy drivers such as **productivity** and **customer** focus apply to all services and therefore have not been listed specifically below.

2. CURRENT PERFORMANCE ISSUES

2.1 Adult Social Care

- Support increased flexibility and choice through the development of services and contracts;
- Improve the efficiency of financial business processes;
- Promote fair access and improve community engagement;
- Provide Carers with the information, advice and support they need to continue in their caring role;
- Develop an integrated approach to housing related support programmes;
- Improve information and support for people who are self-funding;
- Safeguard vulnerable adults against abuse;
- Ensure that staff are equipped with the skills and abilities to carry out their role to best effect;
- In partnership, promote flexibility and choice through services designed to support adults and older people in their own homes;
- Continue to provide appropriate levels of residential and nursing care provision;
- In partnership with Health develop services to prevent unnecessary hospital admission and ensure timely discharge;
- Improve support to young people transferring from children's to adult social care services;
- Improve the user experience of assessment, care management and review processes;
- Involve older people in policy and service development;
- Reduce the use of residential care and increase support at home;
- Improve public information about Learning Disability Services;
- Further develop Person-Centred Approaches across all Learning Disability services;
- Support people with mental health problems and their carers in the community;
- Improve user and carer involvement in care planning and development of services;

- Work with Sussex Partnership Trust to create an integrated mental health service that can demonstrate continuously improving performance and service user and carer satisfaction;
- Continue to develop services to support people with physical disabilities in their own home; and
- Improve the efficiency of the Integrated Community Equipment Service.

2.2 Children's Services

- Teenage pregnancy rates have fallen in recent years and good work is being done to reduce them further, but Hastings and Eastbourne still have rates higher than the national average;
- We need to make more use of extended families in looking at options for children who have to be taken into care;
- Education attainment is generally in line with national averages but is below average in the case of science and ICT at Key Stage 3; at GCSE it is below average for the percentage of pupils achieving 5 or more grades A*-C but above average for the number of students gaining at least one pass at GCSE;
- There are clear gaps in educational attainment at both Key Stages 1 and 2, particularly between children entitled to free school meals and those not entitled;
- Take up of free nursery education places (for three and four year olds) in deprived areas is significantly lower than in other areas. The levels of development of children aged 5 are also significantly lower in deprived areas, with some children having had poor play experiences;
- School attendance has improved for four years running but there are still problems in some schools and unauthorised attendance remains too high;
- Participation in sport in and out of school falls as young people get older, particularly for girls;
- Disabled children have fewer opportunities than other children to participate in after school and holiday activities; we need to expand the range of respite and family support options for their families;
- For some disabled young people the experience of transition from children's to adult services remains difficult;
- We have a higher number of young people not in education, employment or training, for our population, than other similar areas;
- We need to increase the participation of children and young people in decision taking at all levels, from individual support to involvement in the democratic process and community development; and
- Demand for childcare (for children 0-14 y/o; 16 y/o for children with special educational needs) exceeds supply in some areas and can be a barrier to families in deprived areas, in particular, improving their economic well being.

2.3 Transport and Environment

- Maintain and improve highways in partnership through "East Sussex Highways";
- Deliver strategic waste management facilities, through the Integrated Waste Management Services Contract (IWMSC);
- Review and change passenger transport provision, including home to school transport, and transport for Adult Social Care;
- Focus planning policies on assisting the economy and environment;

- Deliver a strategic approach to Rights of Way, and give assistance to the expansion of the volunteer network;
- Improve the quality and availability of key information about East Sussex to underpin decision making;
- Work with Towns, Parishes, the Police and schools to tackle speeding and improve road safety, while encouraging young people to walk and cycle;
- Manage the balance between expectations and ability to deliver with reducing resources; and
- Explore with Borough, District, Town and Parishes more effective ways of combining resources to give a more efficient delivery of service.

2.4 Chief Executive's

- Ensure that East Sussex is well placed to take advantage of the review of European Union structural funds;
- Consider options for economic development in Hailsham and Polegate triangle;
- Ensure that the Council has strategic and local mechanisms to respond to the needs of our residents and communities;
- Work with partners to deliver an effective approach to balancing the needs of settled and Traveller communities;
- Demonstrate how residents' views are reflected in the policy making process;
- Improve internal communications across the Council, including a new intranet for staff and county councillors;
- Work with partners to make our communities safer including reducing violent crime, harm from drugs and alcohol, fear of crime and anti-social behaviour;
- Work with partners to strengthen the adult education offer across the county;
- Raise awareness of staff and Councillors about performance improvement and scrutiny activities and obtain Charter Mark for members' training;
- Target our approach to absence management in order to achieve further reductions;
- Extend the range of facilities available to residents to access the documentary heritage of our County; including a new Record Office; and
- Continue to improve our relationships with the business community in East Sussex.

2.5 Corporate Resources

- Sufficiency of professional finance capacity compounded by the dependency on key post-holders coming up for normal retirement. The solution will require some reorganisation.
- Recent history of budget decisions inevitably impact on individual 'work intensity'.
- Major planned further LGPS changes will test capacity.
- Opportunities for shared services will need to be further exploited.
- Challenge to ensure major ICT and business process changes, across the council, are kept on programme.
- Managing and delivering agreed expectations on building project delivery is improving but further improvements are required.
- The impact of 'Olympics' will have a major impact on building inflation and external building skills capacity.

- Delivery of the 'Office Hubs' direction of travel is in hand but a broader, county wide, exploitation of flexible working will be required.
- The delivery framework for Reconciling Policy and Resources is in place but the challenges, as always, will be significant.

Andrew Ogden
Director of Law and Personnel

State of the County Report 2006

1. Performance Management at East Sussex County Council 2006/07

- 1.1 The key role of performance management is to ensure delivery of the Council's overall vision for East Sussex:

We will be a modern, efficient, accountable authority leading work with partners to deliver to all our customers and communities:

- *increased prosperity and security for East Sussex*
- *affordable, quality core services at lowest possible council tax*

We will make a positive difference to local people's lives by making best use of resources, being clear about the choices involved and encouraging local communities to thrive.

- 1.2 The County Council has a policy steer which states 'we aim to further improve the quality of services through effective performance management and scrutiny focusing on outcomes and driving performance improvement'. To improve our robust performance management framework further we will:

- strengthen the links between reconciling policy and resources, the council plan and performance management processes in line with medium term planning;
- 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 data quality, monitoring processes, presentation of reports and access to management information for staff and members; and
- sharpen focus on the delivery of high profile indicators.

- 1.3 An overview of how performance is managed at East Sussex County Council is set out in the pocket guide to performance improvement which is aimed at staff and councillors. The pocket guide is supported by an e-learning package in performance improvement. Since its inception, it has been publicised via Corporate Team Brief together with information on staff appraisals strengthening links between personal and organisational ambitions and achievements. It is also covered at induction sessions for new staff. All staff are asked to complete the e-learning prior to their annual appraisal and an assessment test checks the learner has understood how performance is managed and their role in performance improvement. At the end of May 2006, 1060 staff had completed the e-learning and passed the assessment test. 92.2% of those surveyed agreed that they have a clearer understanding of how performance is managed at East Sussex County Council.

- 1.4 While the principal judges of our performance are our residents and members, we are also subject to external scrutiny from the Audit Commission. The Commission will judge the County Council against three main criteria for performance management as part of our next Corporate Assessment under the CPA:

- Is there a consistent, rigorous and open approach to performance management?

- Do the council and partner organisations know how well they and each other are performing against planned outcomes?
- Is knowledge about performance used to drive continuous improvement in outcomes?

2. **Business Planning and Performance Management Arrangements in East Sussex County Council**

BUSINESS PLANNING

Reconciling Policy and Resources (RP&R) is East Sussex County Council's key business planning process. Taking as its starting point the overall vision and supporting service specific Policy Steers agreed by the County Council, it delivers them by bringing together our service, financial (revenue and capital) and risk management planning. The outputs of RP&R are:

- a "golden thread" joining policy direction to individual work plans;
- the Council's medium term financial plan; and
- the overarching business plan "The Council Plan"

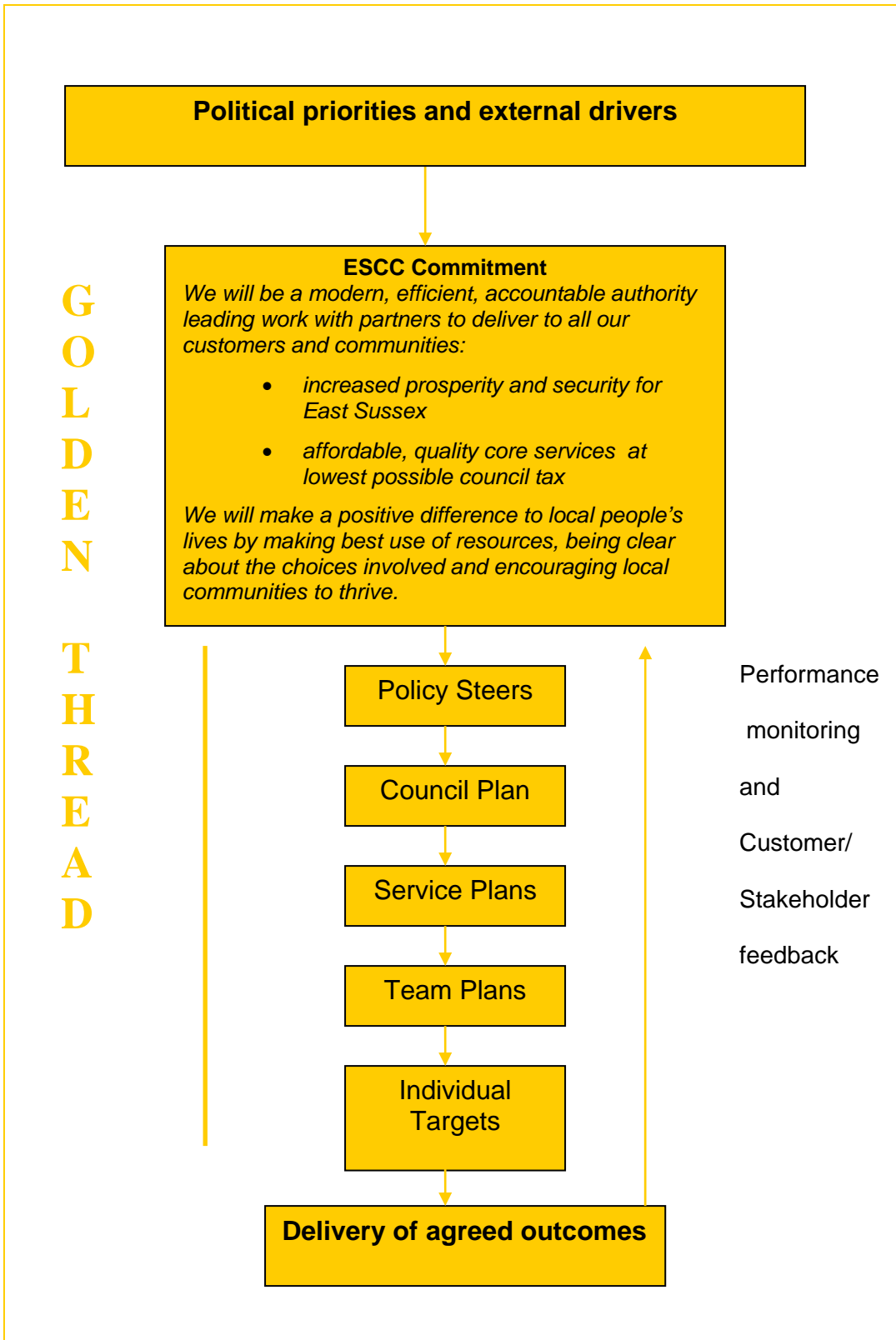
The process includes challenge both internally (from Scrutiny Committees) and externally (through extensive public and stakeholder consultation).

How Does It Work?

The key building blocks of the business planning process are:

- a) Council Commitment (our vision) and Policy Steers** set by County Council for each Cabinet portfolio and representing a medium term strategy and statement of priorities to guide the business planning processes of the Authority.
- b) Council Plan** shows how we will deliver the policy steers through a series of targets which are monitored for progress through the year.
- c) Service Plans** identify targets to deliver the Policy Steers within allocated resources at a departmental or team level. Also take account of customer feedback, risk management, current performance and staff involvement.
- d) Individual Work Plans** identify the targets for the year ahead for each member of staff to help deliver service plan targets. These are an excellent tool for managing staff performance. All staff should be able to see how their own personal objectives link through to the strategic objectives of the Council – **The Golden Thread** (see figure 1 below).
- c) Medium Term Capital and Revenue Planning** - a three year capital programme is updated annually and this year Council Tax and savings targets have been set over a four year period.

Figure 1 - How Does It Work?



Why Does It Work?

The key strengths of the process are that:

- clear policy steers are set both for the Council as a whole and for each Cabinet portfolio. The "State of the County Report" in July each year allows the steers to be reviewed annually (they are set for a four year period) to reflect any changes in local circumstances and national expectations;
- by linking budgets to the Council's policy steers for each service area, resources are shifted towards priorities;
- Members work closely together in a process which draws together and challenges performance, risk, finance and efficiency. It is an iterative process of discussion and close examination of policy and budget issues between the Deputy Leader and Lead Member for Corporate Resources, the Director of Corporate Resources and each individual Cabinet Member and the appropriate Chief Officer on each individual service and budget head (2x2 Meetings);
- the public, partners, staff and trade unions are fully engaged in the process as it develops. A consultation programme runs alongside the policy and budget setting process, which is timed so that Members can both inform and be informed by members of the public, our partners and our staff. Scrutiny Committees and Scrutiny Chairmen are involved at key points in the process;
- the process directly links strategic policy, budget and performance targets to departmental and service plans, through to individual targets for all staff; and
- the process is reviewed and refined on an annual basis to ensure that it takes account of best practice, new developments and feedback from those involved.

ENSURING WE DELIVER (PERFORMANCE MANAGEMENT)

The implementation of both the policy and budget aspects of the process is monitored throughout the year:

- The Chief Officers Management Team (COMT) and Cabinet receive monthly budget monitoring reports;
- COMT, Cabinet, County Council and Scrutiny Committees carry out quarterly monitoring against the Council Plan;
- COMT and Cabinet consider strategic risks on a monthly basis;
- Departmental Management Teams review progress against service plans;
- Managers carry out individual appraisals at least twice a year as part of regular supervision meetings.

Performance Monitoring

The purpose of performance monitoring is to :

- assess progress towards the targets set at the beginning of the year within the allocated resources and to celebrate successes;
- 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;
- revise plans and resources where appropriate, taking action to address barriers to delivery; and
- hold Chief Officers and Cabinet Members to account for the delivery of their services and to ensure the business plans are guiding the work of each department.

How does Council Plan monitoring work?

After six, nine and twelve months Chief Officers and Cabinet consider performance against the Council Plan, focusing on achievements and areas where performance is giving cause for concern. The report highlights particular achievements and explains any issues that will prevent a target being achieved as originally envisaged. This is carried out using exception reporting, in which targets are assessed using a traffic light system, to highlight targets assessed as "red" or "amber". The monitoring reports are debated at Cabinet and County Council and available to the public via the County Council's website.

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 or even deleted 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?

Members perform specific roles in the context of performance improvement:

County Council; is responsible for determining the priorities and budgets of the County Council and uses the performance monitoring reports to review 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. Monitoring reports are used to track service improvement and identify areas where action is required.

Andrew Ogden
Director of Law and Personnel

The Strategic Risk Management log for 2005/06

	Countywide Themes	Inherent Likelihood (4 = high)	Lead Coordinating Officer on behalf of COMT	Roll Forward to 2006/07 (other comments)	Impact (4 = High)
1	Failure to recruit and retain key staff in particular areas.	3	Andrew Ogden		3
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> • Market Research improved • Development of a flexible pay and reward strategy and recruitment incentives including housing • Improved Employer Brand • Workforce Strategy produced • Development of career pathways, e.g. trainee social worker programmes, CIPFA training programme 			Yes but mitigating actions deemed reasonable.	
2	Capacity overload, in terms of necessary change initiatives, falling on a relatively small number of key staff across the Council but also impact on the maintenance of existing core deliverables (e.g. LAA, RP&R, CBOSS, Children's Agenda, ASC etc).	4	Andrew Ogden		3
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> • Increasing the take up of the Leadership and Management Development Programmes in place • Workforce Strategy produced • Flexible rewards for excellent performance put in place • Establishment of new Management Capacity Reserve 			Yes. Capacity impact of major change in certain areas (e.g. ASC) remains a concern	
3	Failure to maintain both the morale and improving motivation, of all staff, but also addressing key cultural barriers to Council-wide improvement.	2	Cheryl Miller		3
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> • Follow-up work on staff survey • Leadership and Management Development Programmes • Improve engagement with staff • Improve Internal communications 			Yes. But to be amended to "Failure to put in place an appropriate	

	Countywide Themes	Inherent Likelihood (4 = high)	Lead Coordinating Officer on behalf of COMT	Roll Forward to 2006/07 (other comments)	Impact (4 = High)
	<ul style="list-style-type: none"> • Performance in national and local awards, e.g. Excellence Awards • Increased emphasis on performance and efficiency across the Council • Increasing understanding of Policy Steers • Production of Internal Communication Strategy 			cultural change programme for staff, particularly in terms of maintaining high morale and motivation while improving productivity skills".	
4	Failure to meet the challenge of reconciling and sustaining the all round improvement agenda and policy priorities with the future resource outlook and short term capping threat – and ensuring the maximum contribution from the efficiency agenda.	4	Sean Nolan		4
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> • Reconciling Policy and Resources Framework • Work of Productivity Board • Related performance management framework • Communication/consultation plan • Lobbying plan, work of scrutiny. • Establishment of forward cash limits and allocations • Work of Productivity Board (inc. Invest to Save and cultural change programme). • Focus on 3 year service planning. 			Yes. Commended approach but inherently high risk area.	
5	Failure to maintain effective and robust resource management – including issues arising out of disaggregation/new departmental structures.	2	Sean Nolan		3

	Countywide Themes	Inherent Likelihood (4 = high)	Lead Coordinating Officer on behalf of COMT	Roll Forward to 2006/07 (other comments)	Impact (4 = High)
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • Successful disaggregation project • Normal budget monitoring framework. <p>(Key development issues: expansion of budget monitoring process, capital monitoring).</p>			No. Successful disaggregation project. Roll forward of normal budget volatility risk.	
6	<p>Failure to avoid the almost generically risky and volatile budget areas (e.g. Social Care, special needs, home to school transport etc.) dominating, in financial terms, other service priorities</p>	4	Sean Nolan		4
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • Normal departmental and county-wide budget and performance monitoring. • Enhanced budget monitoring processes. • Specific tracking of NHS debt. • Specific focus on capital monitoring. 			Yes. Successfully managed in 2005/06 but ongoing challenge.	
7	<p>Failure to achieve a general ‘steady state’ and successful ‘schools’ successful replacement core back office systems solution.</p>	2	Sean Nolan		2
	<p><u>Mitigating Actions</u></p> <p>CBOSS Project Board</p> <ul style="list-style-type: none"> • Identified steady-state agenda • Mature CBOSS for schools decision. 			No. Covered by routine project management arrangements	

	Countywide Themes	Inherent Likelihood (4 = high)	Lead Coordinating Officer on behalf of COMT	Roll Forward to 2006/07 (other comments)	Impact (4 = High)
8	<p>Reputational damage to the Council's sense of confidence and motivation from:</p> <ul style="list-style-type: none"> • Failure to manage, effectively, communication of controversial areas. • Single major avoidable incident/failure • External assessments (e.g. CPA, CSCI etc) • Residents not recognising improvements • Avoidable service mistakes 	<p>2</p> <p>1</p> <p>2</p> <p>2</p> <p>2</p>	<p>Becky Shaw</p> <p>Cheryl Miller</p> <p>Cheryl Miller</p> <p>Becky Shaw</p> <p>Cheryl Miller</p>		<p>4</p> <p>4</p> <p>4</p> <p>2</p> <p>3</p>
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • Medium Term communication strategy in place in including agreed processes to ensure planning of key messages for controversial issues. • New departmental communications structure (including department officers) and forward plan implemented. • 'Your County' and media plans in place. Corporate and service issues consultation in place/developing. (Key weakness/issue: internal communication). • Robust performance management (inc risk management) in place. • Planned strengthening of Customer Focus. • Plans for thorough preparations for inspections including peer review in place. 			Yes. Risks considered to be well managed but ongoing challenge.	
9	<p>Failure to handle, successfully, the increasingly complex partnership agenda (e.g. LAA health reconfiguration, Lyons, possible white paper etc.)</p>	4	Becky Shaw		3
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • LAA process transparent and integrated with Reconciling Policy and Resources. • LAA performance management arrangements in place. • Ongoing and robust responses to proposed Government arrangements. • 'East Sussex in Figures' (Data observatory) in place. • Formal engagement with health arrangements in place. 			Yes. Broadened to include need for adequate response to developing national drivers such	

	Countywide Themes	Inherent Likelihood (4 = high)	Lead Coordinating Officer on behalf of COMT	Roll Forward to 2006/07 (other comments)	Impact (4 = High)
	<ul style="list-style-type: none"> • Ongoing development of locality working. • Improved joint working shared services being developed. 			as Lyons and expected White Paper.	
10	Failure to achieve expected standards in key service areas or deterioration in high performing areas	2	Andrew Ogden		3
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • Close involvement in performance monitoring by Cabinet and Scrutiny Members • Reconciling Policy and Resources and Strategic Risk Management to highlight potential areas of weakness • Monthly meetings are held with departmental performance teams to identify and control performance risks • Quarterly monitoring reports to full Council require detailed comments to support amended actions if performance is not on track • The introduction of Performance + will help manage performance information closer to real time. • East Sussex in Figures will assist monitoring of customer impacts 			Yes, but current arrangements deemed effective.	
11	Failure to Manage massive organisation changes (e.g. Children’s, Adult Social Care)	2	Andrew Ogden		3
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • Ambition within capacity – incremental change • Improved engagement with staff • Development of Workforce Strategy • Leadership and Management Development • Cross departmental work on disaggregation and development of training plans and workforce strategies for new departments 			No. Successfully achieved. Now subject to normal monitoring.	

	Countywide Themes	Inherent Likelihood (4 = high)	Lead Coordinating Officer on behalf of COMT	Roll Forward to 2006/07 (other comments)	Impact (4 = High)
12	Failure to be truly customer focussed (including access and local presence)	3	Sean Nolan/Becky Shaw		3
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • Links to Productivity agenda and Reconciling Policy and Resources • Successful E-Government strand (i.e. web, hubs, kiosks etc) • Debate opened on defining excellence in customer focus. • Public satisfaction surveys during 2006/07. • Variety of service initiatives. • On going development of locality working <p>(Key development issue: defining other key strands that define effective customer focus).</p>			Yes. Ongoing challenge.	
13.	Failure to work effectively at locality level.	3	Becky Shaw		2
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • Robust Partnership structures in place. (Development issue: – continuing work on locality approach). • Strong and developing service based structures. • Proactive monitor of national changes (Lyons, White Paper etc). 			Yes. Strategic responses being developed.	
14	Failure to secure coherent “Age Well” PFI or PPP Scheme (ASC)	3	Keith Hinkley		3
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • Age Well funding approval (PFI) and affordability confirmed at Expression of Interest stage and Outline Business Case, submitted. • Project team and governance arrangements in place. • Related ‘Living Well’ PFI scheme being developed. 			Yes. Remains a significant risk.	

	Countywide Themes	Inherent Likelihood (4 = high)	Lead Coordinating Officer on behalf of COMT	Roll Forward to 2006/07 (other comments)	Impact (4 = High)
15	The Risks from PCT reconfiguration and the effects of “creating an NHS fit for the purpose” including the risk of the current significant overspend in the local health economy resulting in cost shunting and other risks for Adult Social Care (ASC) and other core Council policies	4	Keith Hinkley		4
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> Continued partnership working e.g Risk Share Agreement, Section 31 agreements. Proactive and robust engagement with the local health economy. Proactive involvement in planning and decision making processes. Continued partnership working through existing structures eg Older Peoples Strategy Group 			Yes, Sense of risk/threat has increased.	
16	Risks to service continuity for ASC from the disaggregation of social services into new departments (ASC).	3	Keith Hinkley		3
	<p><u>Mitigating Actions</u></p> <p>Disaggregation Board and use of Service Level Agreements. (Key development issue: internal and client communication)</p>			No. Position managed effectively and can be monitored through normal operational processes.	
17	Risk from managing significant budget savings against a backdrop of rising demand (ASC).	4	Keith Hinkley		4
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> Reconciling Policy and Resources Framework and Business Transformation project. Production and implementation of 3 year plans. 			No. Inherent risk area, but will be broadened to include whole systems area and 3 year planning.	

	Countywide Themes	Inherent Likelihood (4 = high)	Lead Coordinating Officer on behalf of COMT	Roll Forward to 2006/07 (other comments)	Impact (4 = High)
18	Failure to achieve a coherent approach to Delayed Discharges and the necessary partnership working (ASC).	4	Keith Hinkley		3
	<p><u>Mitigating Actions</u></p> <p>Risk Share agreement has been reviewed, partnership working continues.</p> <p>(Key development issue: PCT admission avoidance initiatives yet to impact on level of delay, modernisation of whole Health economy).</p>			Yes. Progress made but remains a high risk because of external factors.	
19	Failure to secure a successful post 16 Review – regardless of the decision.	3	Matt Dunkley		3
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • LSC liaison and relevant school liaison • Government decision and subsequent liaison. 			No. An approach now agreed going forward.	
20	Failure to ensure ‘owned’ governance arrangements, and ‘owned’ children and young people plans, for the developing Children’s Trust.	3	Matt Dunkley		3
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • Stakeholder involvement through events, CYPP, consultations, etc • LAA Children and Young People’s Block Activities • Multi-agency participation in Children’s Trust Executive Group • Multi-agency communications strategy ie delivery of Children’s Trust activities and outcomes 			No. Arrangements deemed successful and will be monitored operationally. Concern about Health engagement given structural change.	

	Countywide Themes	Inherent Likelihood (4 = high)	Lead Coordinating Officer on behalf of COMT	Roll Forward to 2006/07 (other comments)	Impact (4 = High)
21	Failure to properly establish new Children's Department and ensure an appropriate balance between 'twin pillars' and change agenda.	3	Matt Dunkley		3
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> • Appointment of Senior Management Teams with appropriate professional leadership backgrounds • Rolling Change Management programme and departmental communications strategy including newsletter and staff seminars, and feedback mechanisms • Joint working with Cabinet Children's Team mirroring departmental structure 			No. Arrangements deemed successful to date. Will now be monitored in usual operational way.	
22	Disruption of support and other services from the establishment of a new Children's Department.	3	Matt Dunkley		2
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> • Departmental disaggregation and restructuring being handled incrementally, at an appropriate pace • Refocusing of support functions being led by Assistant Director and appropriate managers 			No. Arrangement progressing satisfactorily.	
23	Coherence of developing Youth Services and Connexions agenda.	3	Matt Dunkley		2
	<u>Mitigating Actions</u> <p>Development Officer to implement Green Paper in post from December 2005. 11-19 Partnership Group, Chaired by Deputy Director, established in January 2006 to develop coherent strategy for all services for young people aged 11-19.</p>			Yes.	
24	Risk of completing and contradictory school improvement leadership from	4	Matt Dunkley		2

	Countywide Themes	Inherent Likelihood (4 = high)	Lead Coordinating Officer on behalf of COMT	Roll Forward to 2006/07 (other comments)	Impact (4 = High)
	“School Improvement Partners”.				
	<p><u>Mitigating Actions</u></p> <p>Early meeting with Regional School Improvement Partner Co-ordinator.</p> <p>Establishing clear roles and responsibilities and lines of accountability for School Improvement Partners in East Sussex.</p>			No. New risk for 2006/07 on review of CFPT will incorporate this aspect.	
25	Failure on major school build and design issues (e.g. Rye).	2	Matt Dunkley		3
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • Clarity of Project Director and Manager on Rye Primary Project Board. Very close monitoring of implementations of project plans and of risk elements. • Similar approach taken for Tideway. 			Yes. Remains challenging.	
26	Failure to deliver, within the resource and time constraints, the Children’s Centre build programme.	4	Matt Dunkley		3
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • Very close monitoring by Deputy Director. Service Manager now responsible for Children’s Services Department’s Capital Strategy Team involvement. • Have had two productive meetings with GOSE and secured for slippage (to prevent penalties being incurred) in relation to two projects. • Successful joint working by CRD and Children’s 			No. Progress is satisfactory. Challenges remain but operational risk management is sufficient.	
27	Failure to secure government funding for the refurbishment of Lansdowne Secure Unit.	4	Matt Dunkley		2
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • New funding application submitted to DfES in October 2005. • Agreement reached with CSCI that licence can be renewed in autumn 2006 while funding decision is pending. Therefore, currently unit can be retained for 2006/07. 			No – but may become significant risk again for 2007/08.	

	Countywide Themes	Inherent Likelihood (4 = high)	Lead Coordinating Officer on behalf of COMT	Roll Forward to 2006/07 (other comments)	Impact (4 = High)
28	Waste – failure by the contractor to deliver necessary planning applications.	4	Bob Wilkins		4
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> Contract has a provision for ‘interim service’. During this period negotiations would take place and a solution derived based on the current information. The solution could be revised, modified or totally new facilities and sites pursued or as a direct result, termination of contract. If such a scenario appeared likely, the County Council would have to secure alternative outlets. Progress against original timetable slower than expected but applications now coming forward. Continual liaison with Brighton & Hove and Veolia. 			Yes. Inherent risk.	
29	Negative impact of the Landfill Allowance Trading Scheme (Waste)	4	Bob Wilkins		3
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> LATs Permits acquired for 2005/06 and we have an option for future years. Onyx reviewing the amount of third party recovery they will achieve. Discussions also taking place with WCAs. 			No. Satisfactory solution in place for 2006/07 and 07/08. Risk is a function of delivery of main contract.	
30	Failure in Key Waste delivery plans and milestones.	4	Bob Wilkins		3
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> Both Councils have adopted the plan Issues relating to the WLP would take the form of a new generation “Waste Development Framework”. 			Yes. WLP still subject to legal challenge.	
31	Failure to secure the Bexhill/Hastings link road scheme with proper funding.	4	Bob Wilkins		4

	Countywide Themes	Inherent Likelihood (4 = high)	Lead Coordinating Officer on behalf of COMT	Roll Forward to 2006/07 (other comments)	Impact (4 = High)
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> Secure funding, via RP&R, for development phase including securing some contribution from Government. Robust project plans are in place. 			Yes. Main build funding methodology clear. The prime focus becomes securing approval of the main scheme.	
32	Failure to secure an effective scheme for the Southeram/Beddingham A27.	3	Bob Wilkins		3
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> Full proactive response to the Public Inquiry etc. The Public Inquiry has finished and an imminent decision from the Minister is expected. 			Yes. High profile strategic transport issue.	
33	Failure to ensure smooth and effective handover arrangements to the new Highways Contractor.	2	Bob Wilkins		2
	<p><u>Mitigating Actions</u></p> <p>Achieved smooth handover.</p>			No. Successfully achieved.	
34	Failure to ensure adequate records storage capacity when current capacity is used up within 2 years.	4	Andrew Ogden		2
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> An Invest to Save project is about to commence to tackle the backlog of processing and destruction of records caused by increased use of the Records Management Service, which should increase capacity by a year. Work is being undertaken on the legal admissibility of electronic records, including the scanning of paper documents 			Yes. Further work needed	

	Countywide Themes	Inherent Likelihood (4 = high)	Lead Coordinating Officer on behalf of COMT	Roll Forward to 2006/07 (other comments)	Impact (4 = High)
	<ul style="list-style-type: none"> Work continues towards the achievement of a new Record Office with capacity for future growth 				
35	Failure to work effectively, internally or with partners, to manage the full range of travellers' issues.	3	Becky Shaw		2
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> Multi-agency strategy for full range of issues being developed (with Member involvement) ESCC traveller group created and working Specific owned site issues being managed by CRD (SJN).. 			Yes.	
36	Failure of the Hastings and Bexhill Taxforce to ensure a coherent outcome for the area objectives and remain within legal constraints.	3	Cheryl Miller		3
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> Members and officers influence through task group and HBRL(Seaspace) 			Yes. Current arrangement are reasonable but remains a high-profile issue.	

Additional New Strategic Risks Identified for 2006/07			
	<u>Inherent Likelihood</u>	<u>Lead Coordinating Officer</u>	<u>Impact)4 = High)</u>
<u>Adult Social Care</u>			
Failure to put in place coherent medium term service plan consistent with commissioning strategies: whole system challenges and drivers with maximum efficiencies and resources available.	3	Keith Hinkley	4
<u>Children's</u>			
Failure to put in place effective arrangements for future school advisory and improvement services at the conclusion of the current CFBT contract.	2	Matt Dunkley	3
<u>Transport and Environment</u>			
Lack of progress on the Central Rail Corridor.	3	Bob Wilkins	2
Lack of progress in delivering the aims concerns the 'Eastbourne, Polegate, Hailsham – Triangle.	3	Bob Wilkins	3
Failing to secure fair share of planning gain in the relationship with Districts and Boroughs.	3	Bob Wilkins	3