

Report to: **Audit and Best Value Scrutiny Committee**

Date: **24 September 2007**

By: **Director of Law and Personnel**

Title of report: **Reconciling Policy and Resources (RPR)**

Purpose of report: **To enable the committee to consider and comment on the detailed planning for 2008/09 and beyond as outlined in the State of the County report.**

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 Council (the County Council Promise) prior to consideration by County Council;**
 2. **Establish a scrutiny board which is empowered to act on behalf of the Committee to input into the RPR process this year, and in particular to meet in December 2007 and January 2008 as necessary to consider the proposed portfolio plan; and**
 3. **Note the 'architecture' for the RPR process this year.**
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1. Background

1.1 The State of the County 2007 report was presented to Cabinet on 31 July 2007. The report outlines the national and local context within which the Reconciling Policy and Resources (RPR) process will take place for 2008/09 and beyond. Attached to this report are the following sections relevant to the Audit and Best Value Scrutiny Committee's role:

Appendix 1 National and local policy context and policy steers specific to Audit and Best Value: An overview of the policy context within which the Council's priorities and financial targets need to be reviewed and developed. The policy steers provide the structure within which business and financial planning is developed.

Appendix 2 National and local financial position: Overview of the national financial position and an updated summary of the Council's financial position for the next three years.

Appendix 3 Key performance issues: affecting Audit and Best Value.

Appendix 4 Identified strategic risks: Update on the key strategic risks which will need to be considered as the medium term service plans and targets are developed.

Appendix 5 The new Council Income generation and charging policy: This policy was developed following a member project board which reviewed the potential for generating greater income. The proposals are to be integrated into the RPR process.

Appendix 6 The reconciling policy and resource 'architecture' for 2008/09: Timetable for the 2008/09 reconciling policy and resources process.

1.2 The Cabinet report also contained the Communications and Consultation Strategy, the Residents' Panel results and the final report from the 'getting the most from income review'. Copies of these documents have not been included with this report but can be found on the East Sussex County Council website or obtained from the Democratic Services Team at County Hall.

2. Scrutiny's role in the Reconciling Policy and Resources process

2.1 Scrutiny's engagement in the RPR process is important in enabling scrutiny members to bring the experience that they have acquired through their work to comment on and influence future policy direction at critical points in the annual planning process. It is also an opportunity for the scrutiny committees to use the information gained to help identify suitable issues for future scrutiny.

2.2 The Committee is asked to consider and comment on the detailed planning for 2008/09 and beyond as contained within the attached appendices.

3. Future timetable for RPR

3.1 In December 2007 and January 2008 all scrutiny committees/boards will be invited to consider more detailed portfolio and budget plans and the emerging savings strategy. The committees will be asked to:

- Consider whether the amended policy steers are reflected satisfactorily within the proposed key areas of budget spend for the coming year;
- Consider whether all possible efficiencies are being identified; and
- Assess the potential impact of these savings on services provided to East Sussex County Council customers.

3.2 In March 2008, all scrutiny committees will receive a report back on how any recommendations and observations they made were received by the executive and County Council. This will help scrutiny to ensure that its contributions in future years are as effective as possible.

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Director of Law & Personnel

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Local Members: All

BACKGROUND DOCUMENTS

None

The attached are extracts from the Reconciling Policy and Resources – State of the County 2007 report which was considered by Cabinet on 31 July 2007.

Where reports contained information on all departments (ie policy steers, performance and the Strategic Risk Management Log), only the sections relevant to Audit and Best Value have been included

Appendix 1: National and local policy context

1. Background

1.1 The impending and now actual change in Prime Minister has meant that there has been a pause in the development of Central Government Policy in recent months. The announcement of the new Cabinet is already resulting in a change of pace. The main changes are likely to emerge at the same time as the new spending plans, in the Autumn. In the meantime, the Local Government and Public Involvement in Health Bill, which is still going through Parliament, will mean some significant changes in the way Local Government is tasked and targeted by Central Government. At the Local Government Association (LGA) Hazel Blears set out a vision for the next stage of the devolution agenda with the ambition for every neighbourhood to have control of a 'community kitty' within five years. She announced ten pilot projects (in Birmingham, Merseyside, Lewisham, Bradford, Salford, Sunderland, Newcastle, Southampton, Nottinghamshire and St Helens), which give "representative" panels control over significant budgets. The Secretary of State stressed at the Conference that she did not see devolution to communities by-passing local authorities but expected local authorities to monitor and manage this devolution. The LGA remains concerned, however, that the role of elected members as the legitimate representatives of the people should be recognised.

2. Key issues for local government for CSR 07

2.1 The LGA's submission on the Comprehensive Spending review echoes the concerns that the County Council has about areas of risk for the future in the provision of public services. The key issues highlighted by the LGA were:

- **Helping vulnerable adults** to lead healthy, independent, fulfilling and dignified lives. The need for central government to shift funding away from acute to preventative care was stressed if local government was not to be left providing care to only the most critical cases.
- The need to ensure adequate funding to ensure that all **children and young people** should reach adulthood with the skills, attitudes and personal qualities that will give them a secure foundation for lifelong learning, work, citizenship and personal fulfilment in a rapidly changing world.
- The submission also highlighted the **challenge of dealing with waste** – the LGA argues that the difficulty of meeting the EU landfill directive is so great, with waste and landfill tax rising, that inadequate funding to meet the Government's waste strategy risks squeezing out the services that matter most to people.

2.2 The submission also highlights the tough decisions that may need to be made by local government to reflect a tough financial settlement by central government and says "this may mean being realistic about what we can achieve with the available resources and being open with the public about the expectations on them as a result."

2.3 As a floor authority for many years, the County Council has been struggling with these issues. Its key areas for improvement are adult social care, ensuring education attainment and keeping the rising cost of waste disposal to a minimum. Whilst it is unfortunate that other local authorities are likely to face the harsh economic

climate that the County Council has been dealing with, it is helpful that a wider understanding, and discussion, of the underlying issues that have caused concern in the County is beginning to emerge. This should help in future lobbying work.

3. Sub-national economic development and regeneration review

3.1 The Treasury has completed a review of sub-national economic development arrangements. The review proposes that the regional spatial planning powers which currently lie with the Regional Assemblies are taken into the Regional Development Agencies (RDAs). The RDAs will be responsible for drawing up a Single Integrated Regional Strategy for economic, social and environmental objectives to deliver sustainable development in the region. New regional ministers will be involved in implementing the strategy by facilitating a joined-up approach across Government departments and agencies to enable effective delivery of the single regional strategy. There will be an expectation that RDAs delegate spending to local authorities or sub-regions wherever possible, unless there is a clear case for retaining spending at the regional level. Regional assemblies in their current form will cease to exist from 2010.

3.2 The Government's stated intention is to give local authorities a much stronger leadership role and a new duty to promote economic development. There will be further consultation. The review suggests that local authorities could set up statutory sub-regional partnerships, under the proposals for Multi-Area Agreements. These partnerships could receive funding from the RDAs and new homes agency referred to in para. 3.3 below. There may be potential for local authorities to have a stronger voice at regional level, but it is disappointing that the Government has chosen to do this through the auspices of unelected Development Agencies rather than directly through local authorities themselves. The Queen's Speech may give more details of how this devolution will be realised.

3.3 A new homes agency will have responsibilities for the delivery of housing growth, affordable housing and regeneration. The Government is currently consulting on the scope and functions of the new agency, but it will take over a range of housing and regeneration functions from the Housing Corporation, English Partnerships and the Department for Communities and Local Government, "to strengthen and streamline delivery" including:

- allocating funding to programmes and projects, based on robust appraisal criteria;
- directly delivering some projects in partnership with local authorities;
- providing capacity support for local authorities and sub-regions, in particular to develop innovative strategies, make best use of their assets, and unlock contributions from developers;
- identifying and brokering surplus public sector land.

3.4 The review also recommends that, subject to consultation on details and timing, funding for school sixth forms, sixth form colleges and the contribution of FE colleges to the 14-19 phase will transfer to local authorities' ring fenced education budgets. The Department for Children, Schools and Families (DCSF) will retain responsibility for school sixth forms and sixth form colleges. Any transition will seek to ensure there is minimum disruption to schools, colleges and training providers as well as the introduction of new diplomas.

3.5 The consultation on the review provides a valuable opportunity for the County Council and local government to seek to shape its implementation.

4. Local Area Agreements (LAAs) and the Comprehensive Area Assessment

4.1 There will be major changes to the LAA framework and it is intended that new LAAs will be introduced in April 2008 (although there are indications that delays in the publication of CSR07 may affect this timetable) to be 'the main delivery agreement between central government and a local area'. These are linked to changes in the inspection regime. Whilst the details of the proposals have not been fully developed there are some indications of how the Government wishes to proceed.

Comprehensive Area Assessment (CAA)

4.2 The CAA will to be introduced in 2009 to replace CPA. It will bring together four assessments - a risk assessment, the direction of travel, the use of resources and performance against national indicators. The risk assessment, led by the Audit Commission, will identify the risks that exist in each area and how well they are being managed, highlighting where there is a risk to delivery. It will inform the negotiation of the LAA (though it comes in one year after the stated LAA date).

A new national set of 200 performance indicators (PIs)

4.3 The Government is proposing to replace the existing performance regime with a new set of 200 PIs. An initial draft of the indicator set was promised this summer, but has not yet been delivered. The new indicator set will be introduced in April 2009. The set will cover reporting required for the delivery of services by local authorities either alone or in partnership with others.

LAAs

4.4 LAAs are to be the only place where central government will agree targets with local authorities and their partners on outcomes delivered by local government either on its own or in partnership with others. LAAs will comprise: 35 improvement targets relating to the national indicator set but specific to the area; 18 pre-existing statutory education & early years targets and local targets reflecting local priorities

4.5 Following the Comprehensive Spending Review decisions on national priorities there may be designated national targets which are non-negotiable, plus floor targets, negotiable targets and local priority targets.

4.6 The Department for Communities and Local Government (CLG) expect local priorities from robust Sustainable Community Strategies to form the core of the negotiated 35 improvement targets. Local targets will also be drawn from the strategies

The Sustainable Community Strategy

4.7 The Government considers that Community Strategies need to become more strategic and should take a more cross-disciplinary and integrated approach to social, economic and environmental issues, with priorities agreed only when any trade-offs between these have been identified and minimised; Community Strategies will be required to be reshaped into Sustainable Community Strategies and the LAA will be the delivery plan for the Sustainable Community Strategy

Funding

4.8 The new funding arrangements are significantly different from current arrangements:

- LAA targets will no longer be based on what funding streams are being pooled, but on an assessment of performance and need;
- all funding streams in an area will support delivery against the indicator set and improvement targets - local authorities and partners will use a variety of funding sources to deliver the national indicators, e.g. Council Tax, other mainstream funding, formula grant, Single Capital Pot, ring-fenced grants as well as the un-ring-fenced, area-based LAA grant;
- there will be a new un-ring-fenced area based 'LAA' grant, with a presumption that all area based funding would go through this route unless there were very strong arguments for retaining a ring fence;
- no performance reporting or other conditions attached to the LAA grant;
- the decision on how much funding should be used to support delivery of local and national priorities will be determined locally.

4.9 Future funding arrangements for local authorities will be determined by a hierarchy – first funding should, wherever possible, be provided as mainstream funding e.g. Revenue Support Grant, the Single Capital Pot or mainstream budgets of other agencies. Secondly, where this is not possible, funding will be provided through the area-based LAA grant.

Roles of Local Strategic Partnerships (LSPs)

4.10 The LSP will remain a voluntary partnership of individual partners focused on agreeing and delivering agreed targets laid out in a LAA. The roles and responsibilities will be set out in statutory guidance. It will be the responsibility of the lead local authority, in consultation with other LSP partners, to produce a LAA and negotiate targets set out in it. The LSP must represent the full range of service providers as well as the local community.

5. Local Policy Context

5.1 The Council has just undergone its Corporate Assessment. As part of that process it identified the following areas for further development, which will be addressed during the remainder of this year and next;

- equalities;
- customer focus/productivity;
- locality working;
- driving improvement across all services;
- addressing the implications of Climate Change in the County.

5.2 It may be that the final Corporate Assessment report identifies other areas that need action and these will be addressed as appropriate through our normal business planning processes.

5.3 The Council's medium term strategic direction is set out in its promise and policy steers. **Cabinet is asked to consider the current promise and steers annexed to this report and consider whether there are any changes it wishes to make for 2008/09.**

POLICY STEERS 2007/08 onward

Pride of Place - The East Sussex County Council Commitment

We will be an efficient, customer focused, accountable authority working with partners and local communities to:

- *make a positive difference to local people's lives*
- *create a prosperous and safe County*
- *provide affordable, high quality services at lowest possible council tax*

This vision for the whole authority is supported by policy steers for each portfolio.

Strategic Management and Economic Development (Cllr Jones)

Strategic Economic Development (Cllrs. Jones and 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, delivering locally and making sure the three tiers of local authorities in East Sussex work together effectively
- Support the delivery of the Council's policy steers through effective policy development and performance management
- Further improve the quality of services through effective scrutiny and legal 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 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 Resources (Cllr. Reid)

Policy and Finance

- Deliver the lowest level of council tax consistent with the Council's core priorities in line with the Council's policy steers
- Maintain and improve high standards of resources management across the County Council through:
 - Reconciling Policy and Resources;
 - High quality financial management and control, including the pursuit of "Excellence in Financial Management" ;
 - Maximising appropriate and fair local income generation opportunities;
 - Integrated and effective medium term planning;
 - Proactive management of outsourced services contracts;
 - Full involvement of scrutiny;
 - Effective consultation and communication with residents and partners.
- Maintain and improve high standards of governance, internal control and risk management
- Drive, in partnership, improvements in efficiency, productivity and procurement to maximise value for money
- Manage risk and uncertainties in future resourcing through realistic planning and maximising lobbying and influencing opportunities for a fairer grant settlement for ESCC.

Effective Property Management

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

***policy steer guiding project with significant economic development impact*

Community Services (Cllr Tidy)

E-Government

- Deliver further efficiencies in service delivery
- Provide better tools for front line staff
- Ensure full use and benefit is obtained from our network of Community Help Points and Access Point Kiosks
- Improve telephone access to Council services by centralising telephone enquiry handling in our customers' priority areas
- Support and develop the work of the East Sussex E-Government Partnership (Access East Sussex) to delivery further efficiencies in service delivery across local public sector organisational boundaries.
- Deliver the corporate Next Generation Network, combining voice and data technology.

Community Partnerships

- Work ,through the Safer Communities Steering Group, with partners to keep East Sussex safe, in particular by reducing anti-social behaviour, the harm caused by alcohol, domestic violence and the fear of crime.
- Ensure improving community safety remains a high priority in all our services.
- Provide community leadership to improve residents' quality of life through a strong Sustainable Community Strategy (Pride of Place) and delivery of the Local Area Agreement;
- Improve the way we work with the voluntary and community sector, including promoting volunteering.
- Work with partners to strike a balance between the needs of the settled and Gypsy and Traveller communities

Community Services

- Provide modern Library Services for all, especially older people and rural communities, including providing improved access to council services and learning opportunities.
- Improve skills through a focused local strategy and learning opportunities for all adults. **
- Promote development of culture and take up of arts opportunities.
- Seek to build a new, externally funded, Historical Resource Centre
- 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 through joint work with partners.
- Develop the assessment and management of people's care that focuses on their individual needs, circumstance and personal preferences, jointly with Health and Housing.
- With Health and Housing improve how we plan and commission services.
- Support more older people and vulnerable adults in their own homes and local community.
- Improve opportunities for vulnerable people to engage positively with their communities and further encourage participation in local services and activities.
- Involve users, carers and partners in the planning and delivery of services.
- Develop disability and mental health services that ensure the effective transition of young people from children's services to adult social care.
- Lead improvements to the well-being of local communities across East Sussex through joint working with partners.

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

- Through Children's Trust arrangements, further develop effective engagement and integration with partners and service users.
- Keep children safe by further developing safeguarding arrangements.
- Further develop family support services and continue to improve prevention and early intervention in order to maximize life chances of children and young people.
- Continue to raise the educational achievement of children and young people at each key stage.
- Continue to improve the stability, achievement and wellbeing of Looked After Children.
- Continue to improve outcomes for children and young people with special educational needs or disabilities.
- 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 for children and young people, including in rural areas, and sustain an effective school place planning function across the County.
- Promote equality and diversity and develop equalities practice across all services.

- Increase participation in a wider range of learning activities through partnerships with and between schools, employers, colleges and other agencies.
- Maintain a Children's Services capital strategy, ensuring alignment with priorities.
- Develop and maintain an effective strategy to support vulnerable teenagers.
- With partners, further develop measures to reduce bullying and anti-social behaviour.
- 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.
- Improve youth opportunities in consultation with young people.

Transport and Environment (Cllr Lock)

- Provide less congested and safer roads and footways, with targeted maintenance and improvements, traffic management and parking controls.
- Reduce the number of casualties on our roads and improve the quality of life in our towns and villages.
- With operators and partners further develop sustainable passenger transport solutions to meet the needs of the community and promote their use as an alternative to the car.
- Promote, through the Regional Transport Board and central Government, improved road and rail infrastructure to deliver integrated transport provision and real travel choices including, for example, the Bexhill and Hastings Link Road and Ashford Rail Links.
- Assist in preparation of a Master Plan for the Eastbourne and Hailsham area.**
- Promote the protection and enhancement of the natural and built environment, encourage access to the countryside and, in particular, work with partners to develop the Pebsham Countryside Park.
- Manage household waste growth through the Reduce, Re-use, Recycle campaign and develop new waste facilities that will cater safely for household waste.
- Plan for the development of the County taking full account of the essential links between development and infrastructure.

***policy steer guiding project with significant economic development impact*

Appendix 2: National and local financial commentary

National Position

1. The 2004 Spending Review set Government spending plans for 2006/07 and 2007/08 and, this Autumn, the 2007 Comprehensive Spending Review (CSR07) will encompass 2008/09, 2009/10 and 2010/11. The Government will set three year spending plans, including plans for Revenue Support Grant and major specific grants, for the next three years.
2. All the indications point to this being a very difficult and tight Review (for the next three years) – with reduced rates of planned increases in public spending compared to what has been experienced in recent years. These difficulties will be compounded by the clear signals from Government of wishing to continue to favour health and education, thereby doubly constraining the scope for national increases in other local services.
3. The Dedicated Schools Grant (DSG) is the major specific grant to county councils, funding the day to day running of schools. The Government has, in recent years, announced significant increases in DSG. The national headline increase, per pupil, for DSG in 2006/07 was 6.8% and the equivalent increase for 2007/08 has been 6.7%.
4. The Government is reviewing the distribution of DSG, but it has been announced that changes arising from the review will not take place until 2011/12. Until then DSG will continue to be distributed using the current “spend plus” method: all authorities will receive a basic per pupil increase each year; and all authorities will receive funding for Government priorities on top of that. The Minimum Funding Guarantee will continue to deliver a minimum per pupil increase in each of the next three years.
5. Local authorities will be required to redistribute to schools a small percentage (5%) of all surplus school balances through the local authority funding formula. This broadly equates to the interest that accrues on balances. We will be consulted on the detailed implementation of this measure in the autumn, but local authorities and schools forums will take final decisions on how this funding will be reinvested locally.
6. The CSR07 process means that Government departments will have made submissions to the Treasury. Both the County Council’s Network and the Local Government Association have sought to influence submissions from Government departments where they can. Many departmental spending limits will already have been set. It is possible therefore that the scope for change with the new Government administration is quite limited. For the County Council, Adult Social Care and Waste will be major themes. The spending areas that the

Government is likely to focus on will, however, be schools, health, defence, housing and transport.

7. In relation to efficiency it is considered likely that the current 2.5% efficiency savings p.a. will be increased to 3.0% per annum for the period 2008/09 to 2010/11. At the same time, all efficiency savings may need to be “cashable”, rather than the current 50%, enabling funding to be reallocated to other priorities. These changes will represent a major challenge for many authorities across the public sector, particularly those, like us, whose spending has been significantly constrained for a number of years and those that have previously achieved substantial efficiency savings.
8. At the same time as the CSR07 (which deals with the spending quantum) consultations are taking place about how the Revenue Support Grant (Formula Grant) should be distributed over the next three years. For East Sussex, formula grant (£81.6m) funds 28% of our general services (i.e. those not funded by specific grant). The remaining 72% is funded from council tax.
9. Nothing in current formula grant distribution consultations indicates any funding improvement for either East Sussex or the South East in general. Indeed some proposals may be detrimental across the region. The recent “four block” method of funding has rendered formula outcomes impossible to analyse in order to identify the individual formula factors that lead to grant winners and losers.
10. The evident drift of recent funding outcomes is indicated in that 15 (of 34) county councils are currently “floor funded”, including every county in the South East. For 2007/08, the county level floor grant increase was 2.7%.
11. The current formula grant settlement divides all local authorities (including counties) between two completely unrelated settlement outcomes. One outcome is growth to gaining authorities from underlying formula increases. The other outcome is the minimum floor increases from floor cash increases. Gaining authorities consider the cost of financing floor increases is unfair because it is met by significantly scaling back their formula funding gains. As a result, both formula distribution changes and floor funding changes become controversial elements of the Revenue Support Grant funding announcement.
12. In the past, the previous Local Government Minister has advised that the regime of floors and scaling will be “a permanent feature of the system” and that it would continue for 2008/09 onwards. The Minister did not indicate 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. There is little assurance, however, that the current level of floor increase will be maintained for

the future and there are fears the funding outcome will be significantly lower for floor authorities. (see also paragraph 20 below).

13. Without floor protection, the current underlying formula would bring about very marked winners and losers. Indeed, all South East Counties would lose, and some very significantly. Others, outside of the South East, would gain. While a number of floor county councils have greater floor protection, East Sussex currently has a floor funding benefit of £4m.
14. Implementation of a national grant formula which is fairer to East Sussex is the County Council's aim but it is looking increasingly unlikely that there will be any new significant formula changes to benefit East Sussex. What East Sussex would most like to see is fair funding for:
 - the high cost of providing local services in East Sussex (this is not properly represented in the current Area Cost Adjustment);
 - providing services for the elderly, recognising the costs of the market place, including the "London" effect of market distortion;
 - waste disposal costs, taking account of local demographic costs as well as waste volumes.
15. It is very possible, therefore, that East Sussex will be facing a regime of floors and scaling through to 2010/11. Indeed, in such a scenario it is not immediately clear how any increases from the CSR 2007 process will feed transparently through to local services.
16. The Lyons Inquiry finally reported in March of this year. The major recommendations concerning council tax (revaluation and revised bandings) were immediately discounted for the life of this Parliament. These issues will eventually have a very significant bearing on the national financial context for local government. Two recommendations that are being progressed relate to council tax benefit and supplementary business rates. At the same time, the Government has signalled its intention to review the operation of the Local Authority Business Growth Incentive Scheme (LABGI).
17. We expect more movement in the range and distribution of specific grants additional to DSG. These 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 details expected before the Settlement, but the key risks relate to the withdrawal or curtailment of existing specific grants. There is always an expectation that specific grant funding will be "main-streamed" on a less favourable formula basis for the County Council.

Local Position

18. At its meeting in February the Council approved its budget for 2007/08 (Annex A) and medium term differential cash allocations to County Council departments through to 2009/10 (Annex B and C). Details are set out in the table below:

2007/08 £'000	Allowed Cash increases	2008/09 £'000	2009/10 £'000
(excl one off)			
254 Chief Executive		65	65
409 Corporate Resources		21	21
1,740 Childrens Services		921	937
6,576 Adult Social Care		6,163	6,472
696 Transport & Environment ex Waste		380	163
266 Waste Disposal		310	318
9,941 Total		7,860	7,976

New guidelines will need to be set for 2010/11, but these will be influenced by the outcome of the Comprehensive Spending Review and will therefore be set later in the Reconciling Policy and Resources process.

19. Alongside this, the planned increase in council tax will reduce to 3.5% by 2009/10. The context for council tax increases, funding and spending issues facing the County Council have been set out in a "Financial Briefing" publication that was issued to Members in May.
20. The medium term plan assumes a 0.5% increase per annum 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.
21. In line with the normal process at this time of year, forward estimates of standstill inflation etc will be updated and a forward estimate for 2010/11 will be established. Currently forward planning inflation is based upon 3% for pay and 2.5% for goods and services. Current intelligence suggests that 2.75% for pay and 3% for goods and services may be a more realistic longer term planning guideline for 2008/09 onwards. I have advised Chief Officers to prepare budgets on this basis. Whilst detailed workings are required on this assumption, it

is possible that this will increase the first call on departmental cash limits, and their savings requirement, by about £0.5m.

22. Forward pressure estimates have recently been reviewed by departments. However, within the approved cash limits, any pressures which are to be funded have a contra impact on the savings required. Changes reported since February are summarised in the table below which shows pressures (and therefore savings) have increased by £0.5m to £6.9m. This increase is almost entirely within Childrens' Services.

Savings Requirement:

	2007/08 £m	2008/09 £m	2009/10 £m
February	7.0	6.4	6.8
July	7.0	6.9	6.6
Change		0.5	(0.2)

23. The intention is to deliver these savings from productivity and efficiency wherever possible, but some real service consequences are inevitable. The current Government expectation of a 2.5% per year efficiency savings is £7m per annum. A possible increase to 3.0% per annum, taking account of inflation, could increase the Government required efficiency target to £9.0m per annum. This is, of course, on top of County Council savings achieved over recent years as follows:

	Annual £m	Running Total £m	Cumulative Total £m
2002/03	7.9	7.9	7.9
2003/04	0.5	8.4	16.3
2004/05	2.9	11.3	27.6
2005/06	3.0	14.3	41.9
2006/07	6.2	20.5	62.5
2007/08	7.0	27.5	89.9

24. For East Sussex, and similar authorities, achieving efficiency savings has been a fact of life for a number of years, due to unfavourable annual Revenue Support Grant settlements. Finding ever increasing levels of efficiency saving (that do not affect service provision) is a much greater challenge for floor funded authorities than for authorities that have had a growth spending agenda in recent years.
25. 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.

- 26 At the same time, a comprehensive review of the Council's approach to generating income from fees and charges has been undertaken by the "Getting the Most from Income" project (see Appendix 7). The benefits from this exercise will flow into the 2008/09 budget process as the reconciling Policy and Resources process progresses.
- 27 Members are aware of key strategic risks (see separate Appendix). In financial terms, Adult Social Care followed by Waste have the largest council wide implications. In addition, the impact of high level changes in specific grants has been discussed. Excess inflation continues to be an issue but the allocations assume some £0.6m per year. In addition, £0.4m per year has been set aside for new in year risks.
- 28 Further changes in the Local Government Pension Scheme are possible in 2008. In the meantime, a triennial valuation is underway by the Pension Fund's Actuary, Hymans Robertson. The results will be known November/December time and the employer contribution rates will be set for three years commencing 2008/09. At the last triennial valuation, the East Sussex Fund was valued at 84% funded, the second best funded of all county council pension funds.
- 29 Finally, Cabinet Members will be aware that both Hastings and Eastbourne Borough Councils have incurred unexpected and significant deficits on their 2006/07 council tax collection fund accounts. As the County Council receives the majority of the council tax collected through these accounts, it also has to account for any unforeseen events that occur in them. Early indications are that significant bad debts have accumulated in both instances. Their write off will affect County Council council tax income by some £2.0 m and this loss will be a significant County Council budget pressure for 2008/09. I am awaiting the outcome of detailed investigation by one of the boroughs before deciding how the impact of the final shortfall will be managed.

Richard Hemsley
Deputy Director of Corporate Resources

EAST SUSSEX COUNTY COUNCIL		Adjusted Base	Assessed Standstill Pressures		Allowed Cash Increase		Savings Required		Allowed One off Items		2007/08 Budget	
		2006/07 £000	£000 %		£000 %		2007/08 £000 %		£000 %		£000 %	
Chief Exec (exc Libraries)		8807	385	4.4%	81	0.9%	-304	-3.5%	250	2.8%	9,138	3.8%
Libraries		6444	288	4.5%	173	2.7%	-115	-1.8%	100	1.6%	6,717	4.2%
		15251	673	4.4%	254	1.7%	-419	-2.7%	350	2.3%	15,855	4.0%
CRD (exc Building Maintenance)		5190	452	8.7%	235	4.5%	-217	-4.2%	300	5.8%	5,725	10.3%
Building maintenance		4178	359	8.6%	174	4.2%	-185	-4.4%	0.0%	0.0%	4,352	4.2%
		9368	811	8.7%	409	4.4%	-402	-4.3%	300	3.2%	10,077	7.6%
Total Childrens		51841	3,696	7.1%	1,740	3.4%	-1,956	-3.8%	420	0.8%	54,001	4.2%
Adult Social care		116562	9,741	8.4%	6,576	5.6%	-3,165	-2.7%	200	0.2%	123,338	5.8%
T&E - Highway Mtce		16161	1,146	7.1%	817	5.1%	-329	-2.0%	250	1.5%	17,228	6.6%
T&E - Other		11285	497	4.4%	-121	-1.1%	-618	-5.5%	530	4.7%	11,694	3.6%
T&E excl Waste		27446	1,643	6.0%	696	2.5%	-947	-3.5%	780	2.8%	28,922	5.4%
Waste PFI		12405	313	2.5%	246	2.0%	-67	-0.5%	0	0.0%	12,651	2.0%
Waste Non - PFI		1317	31	2.4%	20	1.5%	-11	-0.8%	0	0.0%	1,337	1.5%
Waste		13722	344	2.5%	266	1.9%	-78	-0.6%	0	0.0%	13,988	1.9%
Service Spend Total		234190	16,908	7.2%	9,941	4.2%	-6,967	-3.0%	2050	0.9%	246,181	5.1%
Treasury Management etc		34134	634	1.9%	634	1.9%			0.0%	0.0%	34,768	1.9%
Second homes scheme		260	-210		-210						50	
Redundancy Provision		800									800	
Corporate waste provision		11970	300		300						12,270	
Management Capacity Provision									650		650	
Invest to Save Contribution		1000	700		700						1,700	
Pensions Increase			450		450						450	
Budget Reserve									-2700		-2,700	
Other Levies		335	9		9						344	
		48499	1,883	3.9%	1,883	3.9%	0	0.0%	-2050	-4.2%	48,332	-0.3%
Grand Total		282689	18,791	6.6%	11,824	4.2%	-6,967	-2.5%	0	0.0%	294,513	4.2%
Financed from:												
Formula Grant		79,411					2,144				81,555	2.7%
Council Tax		202,737					10,493				213,230	
Adjustments for earlier years		541					-813				-272	
		282,689					11,824				294,513	
Council Tax		£1,004.10									£1,047.69	£43.59
	increase %	4.7%									4.3%	
Estimated Tax base		201,908									203,523	0.80%

APPENDIX 3 – Key performance issues

Background

1. Following discussion about the BVPI outturns for 2005/06, Chief Officers identified key performance indicators (both local and national) that are in line with our local priorities. COMT agreed the need to be confident we understand, can articulate and are able to challenge the performance story for all our services, especially for our top priorities.
2. Chief Officers have set out the performance story for each broad service area (e.g. waste, road safety etc) based on relevant indicators including best value performance indicators, other statutory indicators and local indicators. The format is narrative style, explaining where we are now (our direction of travel since our last Corporate Assessment in 2002, how we compare to other authorities and whether we met our targets), why and what are our future plans.

Comparative Performance

3. As part of the CPA, the County Council is assessed on our rate of improvement in comparison with other authorities and our Direction of Travel assessment is based on comparing our BVPI performance with other County Councils. This ranks our 2005/06 outturns (for those 74 BVPIs for which there is a preferred performance and it is possible to make comparisons) establishing how many fall within each quartile.
4. For 2005/06 outturns:
 - 25% of our BVPIs were performing in the best quartile compared to the average of 32% of BVPIs performing in the top quartile for all County Councils;
 - 37% of our BVPIs were in the lower County Council quartile (bottom 25% of performers);
 - 56% were below the middle value; and
 - **17 BVPIs (23%) were in the bottom five performers.**
5. The performance story provides explanations of those BVPIs where, compared to other County Councils, East Sussex ranks in the bottom five performers and what action is being taken to improve our results. BVPIs that fall in the bottom five performers are cross referenced in the list on the next page.
6. Members are asked to consider the performance story in the context of Reconciling Policy and Resources.

These BVPIs were in the bottom five performers when comparing our 2005/06 outturns with all County Councils. This is the latest available comparative data.

Council Plan Portfolio	BVPI ref.	Short description	ESCC outturn 2005/06	ESCC outturn 2006/07	Para No.
Community Services	127a	Violent crime per 1,000 population	21.08	20.36 Improved	9.7
Children's Services	39	GCSE Performance: A* - G Grades, incl. Maths & English	87.5	87.9 Improved	16.9 and 16.20
	41	KS2 English Performance - level 4	78.0	78.0 Maintained	16.10 and 16.21
	181b	KS3 Maths performance - level 5	74.0	78.0 Improved	16.12 and 16.23
	181c	KS3 Science performance - level 5	68.00	73.0 Improved	16.12 and 16.24
	181d	KS3 ICT performance - level 5	58.0	58.0 Maintained	16.14 and 16.25
	194b	KS2 Mathematics Performance - level 5	29	31.0 Improved	16.14 and 16.26
	197	Teenage pregnancies	-5.8	-4.62 Worse	14.6 and 14.11
	222a	Quality of early years and childcare leadership - leaders	3	13.46 Improved	16.18
Adult Social Care	53 PAF C28	Intensive home care for people aged 65 or over	6.11	6.01 Worse	21.1
	195 PAF D56	Acceptable waiting time for assessment	49.4	63.0 Improved	20.2
	196 PAF D56	Acceptable waiting time for care packages	71.4	79.0 Improved	20.3
Transport & Environment	82b ii	Tonnage of household waste (composted)	25,989.93	27,114.98 Improved	30.2
	82d i	Percentage household waste (landfilled)	72.81	69.03 Improved	30.2
	87	Municipal waste disposal costs	62.36	60.88 Improved	30.2
	99b ii	Road accident casualties: KSI children (% change from previous year)	46	-17.1 Improved	27.2
	99b iii	Road accident casualties: KSI children (% change from 1994 - 1998 average)	-13	-32.0 Improved	27.2

Strategic Management and Economic Development

1. Strategic Overview

- 1.1 One of the central themes for the County Council's vision for the future is a desire to transform the economy of our county. We have begun to transform our economy by regenerating areas of most need and by encouraging investment and innovation. Many of our services have a significant impact on our local economy and we will use them to drive up local prosperity. This includes, as an employer, retaining and developing the highest quality staff to their full potential in order to achieve the Council's objectives and through our role as a key influencer of others.
- 1.2 Overall, performance against both BVPI and Council Plan targets has seen high levels of success. Of the 71 Targets in the Council Plan 2006/07 for which the Chief Executive's Department was responsible, 64 were Achieved or Exceeded, giving an overall achievement rate of 90.14%.
- 1.3 Of the 20 non-User Satisfaction Survey BVPIs, covering Corporate Health, Community Safety, Trading Standards and Libraries, for which the Chief Executive's Department is responsible, over the three-year period of 2004/05 to 2006/07 17 performed the same or better in 2006/07. Initiatives are being put in place to bring the performance of the other three back up to scratch.

2. Corporate Health

- 2.1 Personnel and Training (PAT) has two policy steers: to provide a consistently high-quality personnel and training service, recruiting, retaining and developing the highest quality staff to their full potential in order to achieve the Council's objectives; and to continue to improve equity and equality of opportunity for all through our service delivery and as an employer. PAT manages the Corporate Health Best Value Performance Indicators, most of which relate to workforce equalities issues with some capacity measures. Compliance with employment legislation is key including the Disability Discrimination Act (1995) and the Race Relations (Amendment) Act (2000) and actions are in place to improve the Council as an employer of choice for the local community (2.10).
- 2.2 A pro-active approach has ensured improvements in Corporate Health BVPI outturns over the past four years (table 1) and the County's comparative position. Our 2005/06 outturns compared to other County Councils (latest quartile data 2005/06), show that the County Council performs in the upper quartile for four BVPIs, the mid/upper range for three BVPIs and mid/lower for two BVPIs.

Table 1: Corporate Health Best Value Performance Indicators 2002/03 and 2006/07		31 March 2003	31 March 2007	ESCC Latest Quartile Position
BV 2a	Level of Equality Standard	Level 2	Level 2	-
BV 2b	The Duty to Promote Racial Equality	-	68.42%	mid/lower
BV 11a	Top 5% of earners that are Women	35.14%	46.9%	mid/upper
BV 11b	Top 5% of earners from BME Communities	0.53%	1.99%	mid/lower
BV 11c	Top 5% of earners that are Disabled	-	3.16%	Upper
BV 12	Number of FTE days lost to Sickness Absence	9.23 days	8.01 days	mid/upper
BV 14	Early Retirements (Redundancy and	0.56%	0.35%	

Table 1: Corporate Health Best Value Performance Indicators 2002/03 and 2006/07		31 March 2003	31 March 2007	ESCC Latest Quartile Position
	Efficiency)			Upper
BV 15	Early Retirements (Ill Health)	0.20%	0.17%	Upper
BV 16	Disabled in the Workforce	1.65%	3.92%	Upper
BV 17	BME in the Workforce	1.84%	2.15%	mid/upper

- 2.3 Particular successes include sickness absence which has reduced by over 13% between 2002/03 and 2006/07, achieving nearly £1 million in efficiency savings. The reduction in sickness absence for 2006/07 has resulted in an increase in productive days available of 5,915 and an overall increase of 7,678 since 2002/03. This shows the importance that the County Council attaches to reducing sickness and increasing capacity and efficiency.
- 2.4 The factors assisting this have included a new attendance management procedure with tighter “trigger” points and training for all managers, the creation of an Absence Management Steering Group and Project Group to provide a link between managers, Occupational Health and Personnel, and a Wellbeing initiative to promote health issues such as smoking cessation and healthy eating. The provision of regular monitoring data and departmental targets has enabled Departments to track progress throughout the year, resulting in a very good outcome in the mid/upper quartile (2005/06 quartile data).
- 2.5 This reduction was assisted in 2006/07 by:
- the introduction of an improved occupational health referral process supported by additional occupational health nursing posts, removing the requirement for employees to be referred to their GPs and reducing referral time from eight to three weeks;
 - the adoption of improved links between managers, personnel officers and occupational health advisors with regard to long term sick cases, where staff absent for four weeks or more were identified at an early stage.
 - a physiotherapy pilot where employees with musculoskeletal injuries can access up to five sessions of physiotherapy; and
 - the introduction of a stress management referral scheme.
- 2.6 The Council has commissioned a short term project to review equalities work and an external consultant has been commissioned to support the development of a clear action plan to facilitate the achievement of Level 3 of the Equality Standard and identify current strengths and areas for improvement. ESCC was one of the first County Councils to achieve Level 2 of the Equality Standard (BVPI 2a) in 2002/03 and is committed towards achieving Level 3 and improving performance for the associated indicator BVPI 2b (Duty to Promote Race Equality).
- 2.7 Successes have been achieved in the Equality and Diversity agenda. BVPI 11a, Women in the top 5% of earners, showed an increase of 11.76% between 2003 and 2007, assisted by a number of factors including the promotion of revised recruitment and selection policies and the accompanying training for all managers, the provision of management development including a leadership course, and a suite of policies called “Lifewise”, a flexible working directory identifying a more imaginative approach to working practices.
- 2.8 BVPIs 11b, 16 and 17 (Disabled and BME in the workforce) have shown improvements since 2003 and work continues to ensure a close match with the proportion of working age available in the local area. The Council is currently in the

mid/lower (BV11b), upper (BV16) and mid/upper (BV17) quartiles respectively when compared with other County Councils. The latest actions and initiatives are shown in paragraph 2.10.

- 2.9 A good indication of corporate health is staff satisfaction and this is determined by a survey which is carried out every two years. Results compare favourably with external benchmarks, in all but two cases meeting or exceeding the local government median score. Areas where there has been a dramatic improvement since the last survey are performance management, communication between staff and line managers and the effectiveness of appraisals. Another survey will be undertaken in 2007.
- 2.10 Initiatives to improve the Council as an employer of choice for the local community and improve the proportions of minority groups employed 2007/08:
- Continuing to implement the Disability Action Plan;
 - As an employer we are ranked 58th in Stonewall's annual top Workplace Equality Index (from 68th out of the top 100 in 2006);
 - Completed another 'Return to Work' programme: working in partnership with JobCentre Plus and other partners, the programme supports people, including those with disabilities, that have been out of work to build their workplace skills and find employment;
 - Maintaining our subscription to the Two Ticks disability symbol;
 - Disability Forum members have been involved in the refurbishment of County Hall Reception, the Disability Equality Scheme; the Intranet project, and Equality and diversity on-line training and this will continue;
 - Attendance at Public Relations events, e.g. recruitment fairs targeted at the community/minority groups;
 - A project is underway to enable reporting on job applicant status by ethnicity and disability in 2007/08;
 - As a member of the Learning Disability Partnership Board, the Council takes a lead on the Board's Employment Subgroup and the development of the Learning Disability Employment Strategy;
 - A repeat of the advert used last year promoting ESCC and job opportunities in this year's edition of 'Ethnic Britain'. 'Ethnic Britain' produces annual wall planners which are distributed to Colleges, Universities, Job Centres, Citizen's Advice Bureaux, Race Equality Councils and Ethnic Minority Community Centres;
 - The maintenance of the three online discussion boards covering Disability, Lesbian, Gay, Bisexuals and Ethnic Minority groups. All are designed to gather views and involve groups in new projects and policies, whilst providing a support network;
 - Exit questionnaire forms are now generated automatically for all leavers to complete;
 - Expanded our Equalities Training Programme through the launch of an e-learning programme supplemented by a broad range of workshops for managers and staff
 - Introduced a Disabilities Equality Scheme; and
 - An Equalities Monitoring Survey will be undertaken during 2007.

3. Economic Regeneration

- 3.1 The delivery of our core priority to improve the prosperity of the County is a task to which all departments make key contributions – improving our infrastructure, driving up skills, fulfilling the impact we can have as the largest local employer and influencing others. Our performance on all these areas is addressed in the relevant narratives. The performance of the centrally based team can be measured by a number of important developments that have improved the economic condition of the County. The key to the Team's success is the way in which it works as a major player in significant partnerships in the County such as the East Sussex Economic

Partnership, Hastings & Bexhill Task Force, Newhaven Strategic Network, WARR Partnership, Objective 2, INTERREG IIIA Technical Assistance Partnership, Sussex Innovation Centre and Hastings and Bexhill Economic Alliance.

- 3.2 Following the successful completion of the Local Area Agreement (LAA), the Strategic Economic Development and Skills team is charged with leading on the Economic Development and Enterprise block of the LAA on behalf of the East Sussex Strategic Partnership (ESSP). This has identified skills development at Level 2 as a key stretch and reward target for the LAA.
- 3.3 The economic gap between Hastings and the rest of the County reduced from 72% of average weekly earnings in 2002 to 77% in 2006, with the earnings gap between East Sussex and the rest of the region improving from 22% in 2002 to 17% in 2006.
- 3.4 In 2006/07 priority areas in addition to the LAA were:
- Hastings Regeneration: The Team continued to be closely involved in the management and implementation of the South East Programme for Objective 2 focussed on Hastings and the Hastings & Bexhill Task Force and as partners on the Hastings and Bexhill Economic Alliance, who manage the AIF programme for that area. The team also contributed to the successful Local Enterprise Growth Initiative bid of £3.6 million, which was successful and is now incorporated in the LAA.

Bexhill/Hastings Link Road: The Team was charged with the production of the Regeneration Statement that will be submitted in support of the Planning Permission for the Bexhill to Hastings Link Road. The team is represented on the Project Board overseeing the implementation of this important economic infrastructure project.

Newhaven Regeneration: During the year the Team worked with the French authorities and Lewes District Council in particular to facilitate and influence the choice of the private sector proposal to develop Newhaven Port. The ferry service from Newhaven has been successfully tendered and an enhanced service will be in operation from May 2007. A one-off sum of £200,000 has been allocated, in the 2007/08 budget for economic development, including work on the Newhaven Port Access Road, where £100,000 has been allocated to ensure a start on the road takes place before planning permission lapses.

External Funding for the County: The Team played a key role in disseminating information about external funding opportunities through its Bidding Bulletin and by providing training internally and to other local authorities, and community and voluntary groups. The Team has continued to be closely involved in the management and implementation of the INTERREG IIIA Programme. The Programme met its annual financial targets as set by the Commission.

Skills and Training: The Team continues to play an active role in the development and implementation of the work of the Sussex Local Skills for Productivity Alliance. Work has continued at local level in supporting partners in delivering the Quality Edge and Advantage Business programmes. Successful delivery of both programmes resulted in additional funding being made available to extend delivery until December 2006.

The Team facilitated and approved 48 Global Grants (for projects run by voluntary and community groups to help people get into employment or training) between November 2005 and November 2006, with a total worth of over £240,000. The Council provides a strategic role in adult education provision. In March 2007 the Adult Learning & Skills Partnership Board was created. A model that the Learning and Skills Council, in particular, wish to see replicated across Sussex.

Libraries play a key role, working with partners such as Sussex Careers and through the provision of Learndirect courses (see para 9.7) to develop the workforce and reduce the skills gap. Tomorrow's People provide support at Hastings Library – during the last two years they had approximately 289 visits, resulting in 47 people gaining direct employment.

Tourism and Enterprise: The Team continues to support and be an active partner in Tourism East Sussex (TES) which has developed into a truly sector-led public/private/voluntary sector partnership. Support has been given to the Eastbourne Enterprise Hub and the Team has also worked with the Hastings Enterprise Hub Steering Group to support the merger of the two under new contracting arrangements with SEEDA. The team has continued to support for the work of 'A Taste of Sussex', which services and advises businesses involved in the local food chain including producers, processors and distributors.

4. Corporate Infrastructure

Communications and Consultation

- 4.1 The Council has robust mechanisms for consulting with residents, listening to their views and communicating its ambitions and priorities, including a 1,600 strong Residents' Panel. An important part of the Reconciling Policy and Resources (RP&R) process is communication and consultation. Running alongside the policy and budget setting process, consultation is timed so that Members can both inform and be informed by the public, partners and staff. This best practice was acknowledged in Spring 2007 when the Council was shortlisted in the finance category of the national LGC (Local Government Chronicle) Awards.
- 4.2 The Council has a two-year overarching Communications Strategy which is to be renewed in Spring 2008. Key actions of the current strategy include promoting a 'one effective council' reputation and ensuring that the Council improves access for everyone in the community in relation to information and consultation.
- 4.3 The Council's website continues to retain its status as one of the best performing local authority websites in SOCITM's (Society of IT Managers) national league table. It holds the Royal National Institute for the Blind (RNIB)'s 'See It Right' accessible website logo in recognition of its commitment to best practice in website accessibility. It also includes a section, accessible from the home page, for people with learning disabilities that is easier to use and to read. The number of unique visitors to the site was 1.85 million in 2006/07, exceeding the target of 1.67 million. The number of e-form submissions has trebled, increasing since 2005/06 from 1,475 to 5,071 in 2006/07.
- 4.4 'Your County', the Council's magazine for residents, continues to have a high rating with its readers (83% said the content was useful and 80% said it was good value for money).
- 4.5 Key areas currently being strengthened are internal communication (with Members and staff) and a more co-ordinated approach across the organisation to consultation (part of the customer focus agenda). An internal communications manager has been in post since January 2007 to develop further the Council's approach to internal communications. Early priorities have been promotion to staff of the Council's 'Promise' as well as supporting departments to strengthen their own internal communications. An internal communications strategy for the Council will develop a more coherent approach to corporate messages and feedback. An inter-departmental consultation and research group is being strengthened and a best practice, consultation toolkit launched. A new electronic, consultation management

system is being developed which will link to the Council's new Intranet (phase 1 launch in Spring 2008) and the website, encouraging greater co-ordination of the Council's major consultation initiatives and feedback across the authority. A separate consultation strategy has been developed which is an appendix to these Cabinet papers.

- 4.6 Translation and interpreting services (offering over 92 languages) are provided through a contract with a locally based company. The contract is established jointly with all District and Borough councils, Primary Care Trusts and Sussex Police. The service is tailored to individual needs and bridges the boundaries of the respective organisations. In addition, there is an increasing emphasis on ensuring that all the Council's major publications are in plain English. Both the website and 'Your County' magazine carry a Plain English crystal mark.

Partnerships

- 4.7 The East Sussex Strategic Partnership (ESSP), established by the County Council, in 2001, is working well. It is responsible for delivering the County's Community Strategy, 'Pride of Place'. It was set up on a clear partnership basis from the outset, with partners being responsible for specific targets and receiving a share of the rewards from the first Public Service Agreement (PSA) – a practice subsequently adopted by other partnerships elsewhere in the country in the second PSA round. For the last three years the ESSP has been chaired by one of the independent representatives from the Voluntary Sector.
- 4.8 The Council led the work with the Government Office for the South East (GOSE) to ensure all County Councils in the South East were in the second round of LAAs. Locally, the strength of the ESSP meant that, led by the County Council and the ESSP, negotiations for the East Sussex LAA were relatively smooth. The agreement was signed in March 2006 and is firmly rooted in local priorities and partnership delivery. Over the next two years, implementation of the LAA will improve the quality of life of those who live and work in East Sussex. Targets, developed and delivered by partners in all sectors, seek to achieve the aims of the Community Strategy. The County Council is the accountable body for funding and for performance management. Uniquely among County Councils, all our targets will be delivered through partnership, demonstrating commitment to adding value through joint work.

Voluntary and Community Sector

- 4.9 The Council is committed to working closely with the Voluntary and Community Sector (VCS) with an established East Sussex Compact and well developed joint working, with a particular focus on strengthening the infrastructure of a fragmented local structure. The Council's VCS Co-ordinator has a key role in developing and maintaining the Council's role with VCS. This includes ensuring that internal departments have a co-ordinated approach to the VCS, leading the partnership that promotes and reviews the Compact, supporting organisational and service development within the VCS in general, and specifically through the administration of the Community Partnership Finance scheme which financially supports the VCS infrastructure.
- 4.10 The main source of funding (outside contracts and SLAs for direct service provision) to the VCS is Community Partnership Finance. In 2006/07 the priorities for allocating the available money were changed to meet the priorities identified by the VCS through its Infrastructure Development Plan as part of the national Change Up programme. These priorities seek to support the infrastructure of the sector; helping to meet the core costs of some organisations (often ineligible in other grant schemes) and the provision of 'seedcorn' to pump prime new and innovative

schemes. £724,000 has been allocated, over the next two years. In addition the one-off community fund of £500,000 set up in 2005/06 for projects that help develop safer and stronger communities and improve quality of life in localities continues to support voluntary and community organisations (VCOs) across East Sussex.

Policy and Performance

- 4.11 In addition to work with local partners, the Council works well at a national, regional and sub-regional level to influence strategies and policy development and enhance services. Influencing the implementation of the local government White Paper over the next couple of years will be a key part of the work of the team.
- 4.12 The key role of performance management is to ensure delivery of the County Council's promise for East Sussex. The County Council has a policy steer to 'support the delivery of the Council's policy steers through effective policy development and performance management.' The Peer Review report notes that, '*The council's performance management framework and process is highly regarded both internally and externally*'. Performance management is well embedded across the organisation. Staff are aware of how their work links to the key priorities through the golden thread which links individual work plans to service plans and the policy steers and targets in the Council Plan. The 2005 staff survey revealed that 69% of people had a clear understanding of the Council's objectives and 83% of staff understood how their personal objectives linked to their team's objectives. The Council performs well in the Work Foundation benchmark norm, 'I fully understand what is expected of me in my job', with a mean score of 1.02 compared to the benchmark norm of 0.85.
- 4.13 Guidance and e-learning training have been established for staff and Councillors to provide a better understanding of how performance is managed, the golden thread, and their role in performance improvement.
- At the end of June 2007, 1157 staff had completed the e-learning training and passed the assessment test. 92% of those surveyed agreed that they have a clearer understanding of how performance is managed at East Sussex County Council. A summary of key points is contained in the Pocket Guide to Performance Improvement¹ (recognised by the Audit Commission as 'notable practice');
 - In September 2006, pocket guides to monitoring were developed for two distinct audiences: managers, to help them provide the right type of commentary to inform a wide audience about our performance and improve our accountability; and Councillors to assist them to challenge performance against the targets we use to monitor our Council Plan;
 - Case studies illustrating good performance management in practice are used in the e-learning package and are used to illustrate good performance management in practice²;
 - Intranet pages³ help all council staff and Members share a common understanding of how the Council manages performance and the essential values and behaviours that need to be demonstrated in order to keep on improving; and
 - The Audit Commission have cited the 'Pocket Guide to Performance Improvement' and the awards for delivery of key performance indicators as notable practice.

¹http://escctrinetdev/intranet/exec/exec_docs/advice/pocket%20pocket%20guide%20to%20performance%20improvement.pdf

²http://escctrinetdev/intranet/exec/exec_docs/Advice/case_study_reducing_sickness_absence.rtf

³http://escctrinetdev/intranet/escctrinet/performance_improvement/main.asp

- 4.14 Since 2003 the Council has increased resources to manage performance through the corporate policy and performance team and departmental performance teams. Systems and practices are devolved to a departmental level engendering ownership by staff while the corporate team offer guidance and a performance management framework to provide a corporate view of performance and consistent presentation of information to Councillors. Regular monthly meetings take place between departmental performance staff and the corporate team to discuss any performance or data quality issues. Quarterly meetings between the Director of Policy and Communications and performance Assistant Directors, from each department, take place to develop approaches to embed the performance culture further and to share best practice across the Council.
- 4.15 While the principal judges of our performance are our residents and Councillors, we are also subject to external scrutiny from the Audit Commission.
- For CPA 2006, the County Council was judged overall as 3 stars and ‘improving adequately’;
 - Performance in over two-thirds (69.4%) of BVPIs has been maintained or improved in 2006/07 compared to 2005/06;
 - In the 2002 Corporate Assessment, the Commission judged Performance Management as 3 out of 4. The work of the team will be informed by the outcome of the 2007 Corporate Assessment; and
 - The Council’s data quality audit in 2006 showed the Authority to be ‘low’ risk, scoring a strong 3 out of 4. Only one performance indicator was labelled as ‘unfairly stated’ in 2005/06. This is consistent with the Council’s excellent track record on data quality established in previous years. In 2004/05 only one BVPI was labelled as ‘unfairly stated’ and in 2003/04, all performance indicators passed the external audit.
- 4.16 To improve our robust performance management framework further we will:
- strengthen the links between RP&R, the Council Plan and performance management processes in line with medium term planning;
 - ensure data required to assess performance against ESCC and LAA targets is collected and monitored to appropriate standards in accordance with the Council’s data quality standards and performance is reported regularly to Councillors and Chief Officers;
 - continue to support departments in driving forward performance in the Council’s priority areas and ensure that a performance management culture remains embedded in the council;
 - raise awareness amongst staff of the importance of achieving targets, good performance management practice and the improvement planning process; and
 - influence the development of and implement the new national performance management framework.

Corporate Resources

5. Strategic overview

- 5.1 Our aim is to make the best use of resources that we have available to provide quality services to our taxpayers. The Council's achievements in providing good value for money for Council Tax payers have been recognised by the Audit Commission. Councillors, managers and staff will work closely to ensure that the Council continually demonstrates best practice in its working arrangements for financial management, risk management and internal control and meets Government requirements and the highest professional standards for financial reporting.
- 5.2 The national financial picture promises to be very difficult over the coming years. It will be crucial to promote the culture of looking at the 'service offer' in all our services from the viewpoint of customer impact, productivity and efficiency and the reality of available resources. Inevitably some difficult choices will be needed. We will ensure that local residents are aware of these choices and of the financial situation of the Council. We will continue to train Council staff and managers to make even better use of our new ICT systems to provide more timely and accurate management information to help them deliver services more efficiently.

6. Finance

- 6.1 This is the second year of a four-year medium term plan aimed at steadily reducing increases in Council Tax whilst focusing on key priorities. In the last six years we have already delivered £90 million of efficiency savings but the need to seek ever increasing productivity, linked to customer focus, is part of the Council's culture and we will continue to strive for opportunities to provide better value for local people.
- 6.2 We continue to score well within the Comprehensive Performance Assessment for Resources Management, maintaining 4 out of 4 until the introduction of the Harder Test in 2005. Since then we have achieved 3 out of 4 due to our ongoing improvements in the areas of financial reporting, financial management, financial standing, internal control and value for money. As the test becomes harder we must maintain 3 out of 4 for Resource Management over the next three years, but strive to achieve 4 out of 4 in some targeted elements of the assessment.

Comprehensive Performance Assessment (CPA) score for resource management							
Outturn					Target		
02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10
-	4/4 (4/4)	4/4 (4/4)	3/4 (3/4)	3/4 (3/4)	3/4	3/4	3/4

- 6.3 As part of the RP&R process we develop the Council/Business Plans and budgets together based on the clear policy directions set by County Council. This allows us to set realistic aims and aspirations, basing what we want to do on the resources available.
- 6.4 The annual review of RP&R takes on board budget restrictions set by Government as well as other pressures. The review discussions at Senior Management / Member level link closely to the development of the departmental business plans. This 'Golden Thread' allows for stronger and clearer links between the personal targets and appraisals of staff and the Council's Policy Steers and was praised in our recent external Investors in People assessment as being beneficial to staff inclusion and team building.

Improvements to RP&R process and timetable introduced

Outturn					Target		
02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10
-	Achieved	Achieved	Achieved	Achieved	Achieved	Achieved	Achieved

- 6.5 Managing revenue budgets and expenditure is essential to good resource management. Only once in the last six years has a department's expenditure exceeded the agreed tolerances and this was managed across other budgets ensuring that the Council as a whole ended the year within budget.

Final revenue outturn for each department within +1/-2.5% of their budget allocations							
Outturn					Target		
02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10
Achieved	Achieved	Not Achieved	Achieved	Achieved	Achieved	Achieved	Achieved

- 6.6 The percentage of our invoices paid within agreed terms (BVPI 8) has improved considerably over the last five years. With a result of 92.65% for 2006/07, our outturn is 12.85% higher than in 2002/03. The introduction of the new software system (SAP) for all of our financial applications caused a slight dip in performance in 2004/05 from which we have now recovered and SAP continues to enhance current performance. Our future targets continue to be challenging, rising incrementally from 95% to 97% over the next three years.

Invoices paid within agreed terms (BVPI 8)							
Outturn					Target		
02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10
79.8% (100)	89.9% (100)	87.95% (90)	88.69% (90)	92.65% (95)	95%	96%	97%

- 6.7 Compared to others, our 2005/06 performance on BVPI 8 was lower quartile, however, it is important to note that the outturns for all authorities are so tightly grouped together that just a couple of percent can change the quartile position.

ESCC performance compared with:	2004/05	2005/06
Quartile (all England authorities)	ML	L
All England Average	90/96	92.05
County Council Average	89.72	91.3

- 6.8 Through the ongoing development of our governance arrangements, internal audit and accounting we have continued to receive positive opinion from the Audit Commission. Notable areas of recognition are:
- an unqualified opinion given on our accounts each year;
 - the RP&R process is acknowledged as the key process for matching financial resources to corporate priorities and Government's national priorities;
 - confirmation that the Council is performing well in maintaining an effective framework of internal control and that the Audit Commission have been able to place reliance on our Internal Audit work consistently during the year; and
 - the Council's work embedding an anti-fraud culture and that systems are in place to prevent fraud and to investigate reported instances of fraud. Particular mention was made of the robustness of these practices.

Positive external audit opinion on our governance arrangements, internal audit arrangements and accounts
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Outturn					Target		
02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10
-	-	Achieved	Achieved	Achieved	Achieved	Achieved	Achieved

6.9 Detailed benchmarking exercises are undertaken across our finance functions.

6.10 Finance awards

The excellent work carried out around the financial management of the Council has been recognised by the following awards:

- SAP system (CBOSS) – winner of the regional Institute of IT Training annual awards and runner up in the national awards;
- RP&R process short listed for the Local Government Chronicle National Awards for Local Government 'Efficiency and Modernisation Award' and was recognised by the Audit Commission as 'notable practice'; and
- We have been placed the sixth best 'small business friendly' authority by the Federation of Small Businesses in the south east region for our work in this area, which includes the SME Concordat.

7. Property

7.1 The County Council's Policy Steer for Effective Property management continues to place emphasis on the need for our 656 separate property facilities, collectively valued at £621 million to be efficient and managed well.

7.2 A review of our running costs per square metre of building space found that the small individual office buildings that we currently occupy are less efficient than more modern, central offices. We are now in the second year of a five-year plan, developed to strategically locate such office Hubs within the major communities being served. We will subsequently stop using less efficient and less effective older buildings and dispose of them in the most cost effective way. The strategy will deliver the following net revenue savings:

2006/07	2007/08	2008/09	2009/10	2010/11 and after	Total savings in period to 31/03/11
£2,804	£38,438	£141,819	£224,507	£293,352	£700,920

In the same period, after reinvestment, there will be a net capital receipt of £1.363m.

7.3 In response to awareness of the size of the property maintenance backlog the Council developed a corporate building maintenance policy in 2003/04 which has enabled us to exceed the target of 70% of maintenance spend being devoted to planned maintenance in each year since.

7.4 It is the Council's policy to achieve best value when disposing of property, to maximise the potential re-investment back into core services. Our accumulated target for disposals since 2002/03 has been £11.2m. Prudent management of the stock including timely disposals and successful marketing has enabled us to exceed this and obtain a further £6.864m for re-investment.

Disposal of surplus property: Achieve disposals target							
Outturn					Target		
02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10
£3.14m (£2.1m)	£7.43m (£5.6m)	£3.75m (£1m)	£2.03m (£1.5m)	£1.4m (£1m)	£1.7m	£0.75m	£0.5m

- 7.5 The percentage of public buildings that are easily accessible (BVPI 156) for 2006/07 is 55.26% (accounting for 45 out of 82 buildings). This is an increase of 47.31% since the outturn in 2002/03 (7.95%). The remaining 37 buildings are more difficult to bring up to the criteria due to their age and structure. Continued use will be evaluated as part of the ongoing Office Strategy. As part of RP&R, Cabinet have to make some hard choices regarding the limited funds available to us. Additional funding is not available for this work so while we will continue to improve it will be at a slower rate than before.

Increase the percentage of buildings accessible to users with a disability: BV156							
Outturn					Target		
02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10
7.95% (6.75)	16.13% (18)	31.33% (35)	51.22% (50)	55.25% (55)	60%	60%	60%

- 7.6 Improvements continue to be made within our Capital Projects programme. Tighter controls on costs have enabled 81% of projects in 2006/07 to be completed within 5% of costs, whereas this was only 20% in 2003/04. 82% of projects were within 5% of agreed timetables thanks to new consultant framework agreements and monitoring and further training for Project Officers, 22% better than in 2002/03.

Capital building projects completed within +/- 5% of the agreed cost							
Outturn					Target		
02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10
-	20%	50% (30)	63% (60)	81% (65)	65%	67%	69%

Increase the percentage of Capital building projects completed within +/-5% of the agreed timetable							
Outturn					Target		
02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10
60%	62.5% (65)	73%	69.4% (77)	82% (77)	78%	78%	80%

- 7.7 The Council agreed a revised Environmental Management Policy in 2001 that included our aim to minimise energy and water use and the environmental impact of our buildings. In our supporting Carbon Management Action Plan we aim to reduce CO₂ emissions from a baseline figure in 2001/02 by 14% in 2009/10. At the end of 2006/07 we had exceeded our target and were operating at a level of emissions 14.6% lower than the baseline. Some of our energy supply contracts are due for renewal in the next couple of years and this could impact on our performance against this target.

Carbon Management Programme - Carbon footprint		
Year	Tonnes CO2	% change from base year
2001/02 (Base Year)	37,977	-
2002/03	37,675	-0.8
2003/04	37,159	-2.2
2004/05	36,931	-2.8
2005/06	33,739	-11.2
2006/07	32,432	-14.6

- 7.8 The Council has made provision in the capital programme of £100k each year from 2005/06 to 2009/10 for 'invest to save' energy efficiency measures. Any costs

associated with new initiatives will be agreed by the Carbon Management Group prior to implementation to ensure that sufficient savings will be realised by each scheme in order that a payback period of five years or less is achieved.

- 7.9 Benchmarking within Property is carried out through membership of COPROP. This benchmarking club includes authorities across the country, providing information on Building Maintenance, Estates Management, Capital Works and Corporate and Strategic Property Management Services.

Feedback from the Estates Management benchmarking, for example, shows our performance is above average in the follow areas:

- Prompt and to timescale,
- Accurately met needs,
- Professional and competent, and
- Overall quality

7.10 Property Awards

The excellent work carried out around the property management of the Council has been recognised by the following awards:

- Energy efficient improvements to the Seven Sisters Country Park – National Green Tourism Business Scheme’s “Gold Award”;
- Energy efficient Biomass Boiler at Beacon Community School – winner of the South East energy Award 2006 “Biomass; Community Developments” and an International Green Apple Award for 2007;
- County Council’s Carbon Management Plan - shortlisted for the Local Government Chronicle National Awards for Local Government “Environment Award”;
- New Lewes Library – recognised as “Highly commended” in the Sussex Heritage Trust Awards and International Green Apple Awards 2006 “National Bronze Award”;
- Commendation in the 2005 RICS Property Management Awards in the category of “Property management –strategy and delivery, public sector” for the rationalisation of HQ offices in Lewes;
- In the South East Renewable Energy Awards 2005: Highly Commended for our commitment to renewable energy and Highly Commended for the ground source heat pumping installation at Park Mead School; and
- Finalist in the Municipal Journal awards 2007 for Facilities and Asset Management.

16.15 **Attendance** of pupils remains above the national average and is 17th nationally. Authorised absence from primary and secondary schools has decreased steadily ver, has improved dramatically with an increase of 10.5%.

- roll out Assessing Pupils Progress to phase 2 schools;
- take part in national pilot, 'Making Good Progress'; and
- target up to eight secondary schools and 50 primary schools in order to ensure up to 2 levels of progress for pupils at level 3, 4 and 5.

16.23 BV 181b: KS3 Maths performance – level 5

We are planning to:

- ensure that subject leaders use any question level analysis data provided by the Local Authority, or from their own analysis;
- ensure that subject leaders set curricular targets for improvement;
- participate in the East Sussex Transition Project;
- take part in national pilot, 'Making Good Progress'; and
- target up to eight secondary schools in order to ensure up to two levels of progress for pupils at level 3, 4 and 5.

16.24 BV 181c: KS3 Science performance – level 5

We are planning to:

- use identified Advanced Skills Teachers and Lead Professionals to secure progression of departments to and through 'developing' in Assessment for Learning;
- identify schools with low conversion rates;
- identify and implement further intervention strategies that had impact in 2006;
- produce good practice guidance;
- identify which schools will receive each of the three levels of offer;
- work with Senior Leaders and Key Stage 3 Co-ordinators to embed successful strategies into year 9 schemes of work; and
- promote the use of higher level thinking skills, problem solving and the quality of scientific explanation to raise attainment.

16.25 BV 181d: KS3 ICT performance – level 5

We are planning to:

- produce an intervention plan to highlight strategies for individual schools which could be used to improve percentage of level 5 results;
- work with schools on implementing specific intervention strategies;
- identify borderline pupils;
- monitor whole school training sessions; and
- disseminate good practice in intervention strategies.

16.26 BV 194b: KS2 Mathematics Performance – level 5

We are planning to:

- promote two CDs of intervention materials "moving Level 3 to Level 4";
- provide targeted and intensive support focusing on moving pupils from Level 3 to Level 4;
- take part in national pilot, 'Making Good Progress'; and

	Countywide Themes	Inherent Likelihood (4 = high)	Lead Coordinating Officer on behalf of COMT	Impact (4 = High)	Jan 07 View (w)orse (s)ame (i)mproved
1	Failure to recruit and retain key staff in particular areas.	3	Andrew Ogden	3	(I) S
	<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 • Use of specialist headhunters. • Development of e-recruitment. • New advertising style. • Flexible retirement policy. 				
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.	4	Andrew Ogden	3	(I) S
	<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 • Use of Management Capacity Reserve and agreed second year of provision. • More on-line training available. 				
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	(I) S
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> • Follow-up on new staff survey and Corporate Assessment. 				

	Countywide Themes	Inherent Likelihood (4 = high)	Lead Coordinating Officer on behalf of COMT	Impact (4 = High)	Jan 07 View (w)orse (s)ame (i)mproved
	<ul style="list-style-type: none"> • Implement Internal Communications Strategy. • Local and national recognition of outstanding performance. • Increasing understanding and delivery of RP&R and ESCC Promise. 				
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	(I) S
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> • Reconciling Policy and Resources Framework • Related performance management framework • Communication/consultation plan • Lobbying plan, work of scrutiny • Establishment of forward cash limits and allocations, 3 year service planning. • Work of Productivity Board (inc. Invest to Save and cultural change programme). • Income Board established • Shared services work as part of commitment to improve three tier working. 				
5.	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	4	Sean Nolan	4	(S) S
	<u>Mitigating Actions</u> <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. 				

	Countywide Themes	Inherent Likelihood (4 = high)	Lead Coordinating Officer on behalf of COMT	Impact (4 = High)	Jan 07 View (w)orse (s)ame (i)mproved
6.	<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. CA/ JAR 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>(S) S</p> <p>(S) S</p> <p>(I) S</p> <p>(W) S</p> <p>(S) S</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. • 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 • Robust performance management (inc risk management) in place. • Planned strengthening of Customer Focus. • Plans for thorough preparations for inspections in place. • Corporate Assessment Action Plan implemented and integrated into future business plan where appropriate. 				
7.	<p>Failure to handle, successfully, the increasingly complex partnership agenda (e.g. LAA, health reconfiguration, Lyons, Community Safety, shared services etc.)</p>	<p>4</p>	<p>Becky Shaw</p>	<p>3</p>	<p>(S) S</p>
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • LAA process transparent and integrated with Reconciling Policy and Resources. • Ongoing and robust responses to proposed Government arrangements. • 'East Sussex in Figures' (Data observatory) in place. • Formal engagement with health arrangements in place. 				

	Countywide Themes	Inherent Likelihood (4 = high)	Lead Coordinating Officer on behalf of COMT	Impact (4 = High)	Jan 07 View (w)orse (s)ame (i)mproved
	<ul style="list-style-type: none"> • Ongoing development of locality working (see 10). • Improved joint working shared services being developed. • Effective County level Partnership Community Safety Group established to improve co-ordination in context of likely significant reduction of national funding to local level. 				
8.	Failure to achieve expected standards in key service areas or deterioration in high performing areas	2	Becky Shaw	3	(S) W
	<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 • Sustained focus on performance/ improvement achievement • Quarterly monitoring reports to full Council require detailed comments to support amended actions if performance is not on track • East Sussex in Figures will assist monitoring of customer impacts. • Consultation processes strengthened (toolkit and co-ordination). 				
9.	Failure to be truly customer focussed (including access and local presence)	3	Sean Nolan/Becky Shaw	3	(S) S
	<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) • Work on defining excellence in customer focus and associated action plan developing. • Local and national surveys analysed and used to inform service planning. • Variety of service initiatives. 				

	Countywide Themes	Inherent Likelihood (4 = high)	Lead Coordinating Officer on behalf of COMT	Impact (4 = High)	Jan 07 View (w)orse (s)ame (i)mproved
10.	Work at locality level not recognised	3	Becky Shaw	2	(S) S
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> • Robust Partnership structures in place • Strong and developing service based structures for delivery and planning. • Proactive monitoring of national changes and local expectations. • Training in place to provide improved focus on role of local Members. • ESIF and Map viewer provided readily accessible local data. • Review to undertaken 2007/08. • Careful monitoring of new legal obligations under Local Govt Act to ensure compliance • Development of strengthened three tier working including approach to shared services 				
11.	Failure to secure coherent “Age Well” PFI or PPP Scheme (ASC)	3	Keith Hinkley	3	(S) S
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> • Age Well funding approval (PFI) and affordability confirmed at Expression of Interest stage and Outline Business Case, submitted. • Approval given in principle to proceed to procurement phase by Treasury conditional on all sites having Outline Planning Consents and confirmation of affordability. • Project team and governance arrangements in place. • Outline Planning Consent achieved on three of four sites. • Full link to corporate capital planning. • Care needs linked with Commissioning Strategies. 				
12.	Risks from changes within NHS including consultation on “Fit for the Future” and application of provider Trust for Foundation status. Further risk of current overspend in local health economy resulting in cost shunting to Adult Social Care.	3	Keith Hinkley	4	(S) S

	Countywide Themes	Inherent Likelihood (4 = high)	Lead Coordinating Officer on behalf of COMT	Impact (4 = High)	Jan 07 View (w)orse (s)ame (i)mproved
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • Robust and formal partnership working including the development of joint commissioning strategies, Risk Share Agreement, Section 31 Agreements and Service Level Agreements. • Improved engagement with the local health economy, including the setting up of an Executive Group (Director of Adult Social care and Health Chief Executive) to manage the development of social care and health services in East Sussex. 				
13	<p>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.</p>	3	Keith Hinkley	4	(S) S
	<p><u>Mitigating Actions</u></p> <p>Three year plan agreed and integrated into the Council Plan and Adult Social Care Business Plan. Joint commissioning strategy for older people completed. Joint learning disability commissioning strategy planned for July 2007 and mental health commissioning strategy for October. Implementation monitored through core performance management processes within the County Council.</p>				
14.	<p>Failure to achieve a coherent approach to Delayed Discharges (DTC's) and the necessary partnership working (ASC).</p>	3	Keith Hinkley	3	(I) S
	<p><u>Mitigating Actions</u></p> <p>Action Plan implemented with numbers of DTC's, particularly for Social Services reasons falling significantly. Action plan and related Risk Share Agreement to be further reviewed with further targeted improvements planned for 2007/08.</p>				
15.	<p>Failure to deliver Business Transformation Programme.</p>	2	Keith Hinkley	4	(n/a) S
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • Robust project management and governance arrangements (PRINCE 2) in 				

	Countywide Themes	Inherent Likelihood (4 = high)	Lead Coordinating Officer on behalf of COMT	Impact (4 = High)	Jan 07 View (w)orse (s)ame (i)mproved
	<p>place.</p> <ul style="list-style-type: none"> • Project Board reviews Risk Log monthly and agrees mitigating actions. • Programme Manager reviews risks with all project leads weekly. • Contingency plans in place to ensure business continuity and prevent any adverse impact on customers. 				
16.	Coherence of developing Youth Services and Connexions agenda.	2	Matt Dunkley	2	(S) I
	<p><u>Mitigating Actions</u></p> <p>Review of information, advice and guidance to young people (Connexions) established and on track. Linked to wider development of integrated youth support services and the “Youth Offer” (activities).</p>				
17.	Failure on major school build and design issues (e.g. Rye).	2	Matt Dunkley	3	(I) S
	<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. 				
18.	Waste – failure by the contractor to obtain necessary planning consents.	2	Rupert Clubb	4	(S) S
	<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. • Continual liaison with Brighton & Hove and Veolia. 				

	Countywide Themes	Inherent Likelihood (4 = high)	Lead Coordinating Officer on behalf of COMT	Impact (4 = High)	Jan 07 View (w)orse (s)ame (i)mproved
	<ul style="list-style-type: none"> Major planning applications have been approved. Adoption of Waste Local Plan gives authority to waste planning decisions. 				
19.	Failure in Key Waste delivery plans and milestones.	4	Rupert Clubb	3	(S) S
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> Both Councils have adopted the plan. Additional property expertise added to the team and land deal “secured”. Successfully defended ESCC decision on Legal Court challenges. Project team leadership reviewed in the short term. Contract renegotiation underway. 				
20.	Failure to secure the Bexhill/Hastings link road scheme with proper funding.	3	Rupert Clubb	3	(I) S
	<u>Mitigating Actions</u> <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. Regular monitoring of cost profile. National consultation on funding. Planning application submitted and public consultation taking place. 				
21.	Lack of progress on Central Rail Corridor.	2	Rupert Clubb	2	(S) S
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> Project Board committed to independent review. Active engagement with RTB to influence investment decision re rail. 				
22.	Lack of progress in delivering the aims concerning the ‘Eastbourne, Hailsham – Triangle’.	3	Rupert Clubb	3	(S) S

	Countywide Themes	Inherent Likelihood (4 = high)	Lead Coordinating Officer on behalf of COMT	Impact (4 = High)	Jan 07 View (w)orse (s)ame (i)mproved
	<u>Mitigating Actions</u>				
	<ul style="list-style-type: none"> Partner liaison meetings taking place Project PID agreed by partners SEEDA support confirmed. Participating in joint planning initiatives to promote sustainable regeneration and growth. 				
23.	Failing to secure fair share of planning gain in the relationship with Districts and Boroughs	3	Rupert Clubb	3	(S) S
	<u>Mitigating Actions</u>				
	<ul style="list-style-type: none"> ESCC decisions being defended. Continuing liaison with Districts and Boroughs to improve relationships and practice. 				
24.	Failure to ensure adequate records storage capacity when current capacity is used up within 2 years.	4	Andrew Ogden	2	(I) S
	<u>Mitigating Actions</u>				
	<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 Work continues towards the achievement of a new Record Office with capacity for future growth – secure ESCC contribution in the draft capital programme. 				
25.	Failure to work effectively, internally or with partners, to manage the full range of travellers' issues.	3	Becky Shaw	2	(I) S
	<u>Mitigating Actions</u>				

	Countywide Themes	Inherent Likelihood (4 = high)	Lead Coordinating Officer on behalf of COMT	Impact (4 = High)	Jan 07 View (w)orse (s)ame (i)mproved
	<ul style="list-style-type: none"> Multi-agency strategy for full range of issues agreed (with Member involvement) ESCC traveller group created and working ESCC owned site to be in-house from 1.4.07 managed by Chief Executives. Successful bid for resources for refurbishment of the Maresfield Site. Multi-agency approach to (advising) SEERA Partial review of South East Plan (distribution of new pitches). 				
26.	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	(S) S
	<p><u>Mitigating Actions</u></p> <p>Members and officers influence through task group and HBRL(Seaspace).</p>				
27	Lack of clear policy within budget for Passenger Services	2	Rupert Clubb	3	
	<p><u>Mitigating Actions</u></p> <p>Member involvement in form of Executive Review and determination to obtain effective outcome</p>				
28.	Lack of agreement with waste collection authorities over level of Waste Recycling credits.	3	Rupert Clubb	4	
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> ESCC decision made. Open book available for DC/BC officers. 				
29.	Legal challenges to planning decisions	3	Rupert Clubb	3	
	<p><u>Mitigating Action</u></p> <ul style="list-style-type: none"> Procedures followed and legal advice taken to enable defence at every stage of planning process. 				

NOTE: Position in brackets in final column shows assessment at previous Cabinet.

APPENDIX 5: East Sussex County Council Income Generation and Charging Policy

Introduction

As part of Reconciling Policy and Resources maximising, where appropriate, income to the County Council will play a key role in helping to protect core services and contributing to development and ambition for the future. This ambition is reflected in the Council's key policy steer:-

“Maximising appropriate and fair local income generation opportunities”

The Council wants to encourage staff to be entrepreneurial and maximise appropriate and fair income opportunities whilst still being transparent and consistent. This policy provides an overview and guiding principles about maximising income and making charges.

Cabinet and Chief Officers are promoting a more entrepreneurial approach and have set up an Invest to Save fund which provides resources to “pump prime” new initiatives. These may be efficiency initiatives of any type including start-up funding for new income generation activities.

Bidding for funds and grants or obtaining sponsorship are also important ways of generating income – these are covered by the Corporate Funding Protocol and the Corporate Sponsorship Policy and again may be supported by an Invest to Save approach.

The Council's Policy

Legality and practicality

Charges for services should be considered wherever legally and practically possible. There are some legal considerations which will determine what charges can be levied and how they are set. Brief guidance is set out in the Appendix but further advice can be obtained from the Director of Law and Personnel.

Unless there are other overriding considerations charges should not be made where the cost of raising and collecting the charge exceeds the income.

What does the service cost?

Before charges are considered the cost of the activity, including all overheads, should be considered. (Finance Officers can provide guidance on calculating full cost).

How should the charge be set?

Subject to any legal constraints charges should generally be set at a level which at least recovers all costs including overheads

Charges may be set at a higher or lower level and the reasons for doing so should be clearly defined (see also the section below about concessions).

When considering the level at which charges should be set the factors to be considered should include the:

- a) legal basis on which charges should be made
- b) reasons for charging
- c) impact of charging on customers
- d) equalities and environmental impacts
- e) effect of charges on demand and on total income
- f) cost of collection
- g) relationship to Council objectives and its Corporate plan
- h) market and what competitors charge

Charging less than full cost

The reasons for not recovering the full costs through charges may include:

- the targeted service users could not afford the level of charges necessary to recover costs (see below about use of concessions)
- charging full cost may deter uptake and involve the Council in greater costs elsewhere or later (eg: full cost charging for preventative health services).
- the Council wishes to encourage particular sections of the community to use specified services, and they would be further deterred by full cost charges
- use of the service is very sensitive to change in price and increased charges would be likely to reduce demand, and lead to an overall reduction in income
- the cost of providing the Council service is greater than that of other providers due to it being provided in a way that is appropriate and accessible for all sectors of the community
- there is under use of existing capacity leading to higher unit costs and increased charges would lead to even greater under use and reduced income

In circumstances where it is considered that charging particular user groups less than the normal charge is appropriate then the use of a concessions policy is recommended. This gives transparency to the full charge whilst allowing targeted exemptions and/or concessions in line with policy decisions – this ensures that both the Council's full charge and the concession is transparent together with the criteria for any concessions.

Full cost plus (making a profit)

Where legally allowed the reasons for setting charges above full cost include:

- charges for services provided on a strictly commercial basis
- charges designed to deter over-usage of services which have a detrimental impact in relation to (some of) the Council's Policy Objectives
- charges designed to act as a deterrent (eg: long term town centre parking) and any surplus might be used to improve other ways of travelling.

Please see the appendix for more guidance about our powers to make a charge which exceeds costs and thereby generates a profit.

Setting and Review of Charges

When new charges are proposed the purpose of the charge should be set out, and the proposal should be assessed against the criteria set out in (a) to (h) above. In addition, a financial appraisal should show the full cost of the service, the proposed charge and the income which it is estimated the charge will generate. The appraisal should also set out proposals for any exemptions and concessions.

Where appropriate the proposal should also show the results of any consultation with service users and the possible impact of the proposed charge on other sectors or activities of the County Council.

Proposals for new charges should be agreed by Departmental Management Teams. Chief Officers have delegated powers to introduce new charges for discretionary services, subject to consultation with the Director of Law and Personnel and the Deputy Chief Executive and Director of Corporate resources. Initial guidance can be sought from the departmental Finance Management Team member (Assistant Director - Resources).

Every charge should be reviewed at least annually as part of the Reconciling Policy and Resources process and will be reported to Cabinet for approval as part of the budget report. The process of simply adding inflation to existing charges should be discontinued and increases in charges should reflect a review linked to the purpose of the charge – this need not be onerous and is designed to ensure that the charge is still achieving its purpose (eg: charges set at full cost plus to maximise income should increase by the amount that will maximise income).

APPENDIX

Specific Powers to Charge

1. It has long been possible for the Council to charge for certain services where express legal powers existed. These powers are scattered throughout local government legislation. For instance, the powers to charge for planning applications, or the provision of residential care accommodation for the elderly.
2. If we wish to charge for a service, we need to first check whether there is a specific power to charge contained in the legislation permitting the Council to provide the service, as these powers are often subject to express limits. For instance, the Council may charge for welfare arrangements made for mentally and physically disabled persons under s17 of the Health and Social Services and Social Security Adjudications Act 1983, but such charges need to be reasonable, and the Council must be satisfied that the person's means are sufficient to meet the charge imposed.

Implied Powers to Charge

3. Many Councils considered that an implied power to charge was to be found in s111 of the Local Government Act 1972, but this was rejected by the House of Lords in *R. v Richmond upon Thames Ex p. McCarthy and Stone*. There it was held that a power to charge had to be authorised by statute either expressly or by necessary implication. Whether such a power is implied can be determined only in the context of the particular statutory scheme. For example, an implied power was found to charge for admission to a ski slope and it was not inconsistent with duty of the trustee council to maintain the park as an open space for the free use and recreation of the public. On the other hand, the Court of Appeal found a charge could not be made for a registration scheme set up for door staff to licensed premises.

Wide General Power to charge for Discretionary Services

4. The uncertainty of knowing whether the council can charge for discretionary services, where there is no specific power provided in the legislation have now been removed by the introduction of a wide general power to charge for discretionary services, under s93 of the Local Government Act 2003. The power does not apply to services which an authority is under a duty to provide. It also does not apply where charges are fixed in accordance with regulations etc. that apply nationally, or where there is a specific prohibition against charging in the relevant legislation. Our powers are subject to the following restrictions:
 - a. the recipient must agree to the provision of the service;
 - b. income must not exceed costs, which includes overheads (so there is no power here to make a profit – but see below)
 - c. we must already have the legal power to provide the service.

5. Discretionary services are those which an authority has the power, but is not obliged, to provide. In fact the Council now has very wide powers to provide services which promote the economic, social and environmental wellbeing of our local communities, and to charge for those services. Through these powers the Council wishes to encourage the provision of new and innovative services for our communities.
6. We are able to set the level of the charge for each discretionary service as we think fit, within the restriction that the income from charges for each kind of service must not exceed the costs of its provision.
7. If we so wish we can continue to provide a service for free if there are good reasons for doing so. Equally, we may wish to offer certain services at a reduced charge or for free, for example to the disabled or the unemployed, while making a charge based on the cost of providing the service to other recipients.

Can We Make a Profit from a Service?

8. If there are no clear legislative powers to charge for a discretionary service, the rules above apply and it is difficult to justify a charge which effectively exceeds costs (including overheads) and makes a profit. If, however, there is a general legal power to charge within a service area it will often be possible to set a charge for a particular initiative which exceeds our costs, on the basis that the income generated from that initiative will contribute to reducing the costs of providing the service as a whole, to the benefit of the Council and the taxpayer.
9. If we wish to make a profit from providing a discretionary service for which there are no clear powers to charge and we want to make a profit, then it may be necessary to set up a Company. More guidance about trading in this way is set out below. Advice from the Director of Law and Personnel should be sought in all instances where it is proposed to make a profit from a particular initiative.

The Power to Trade

10. Until recently there have been comparatively few legal arrangements whereby local authorities could trade i.e. act in a way which is designed to generate income and profit. Statute has allowed a few exceptions, for instance, the disposal of surplus computer capacity.

11. It is now possible, however, for us to provide on a commercial basis anything that is related to one of our functions, or is “ancillary, conducive, or facilitative” to the exercise of that power. The legislation allows goods and services to be made available under trading i.e. at a commercial rate. This power allows local authorities to sell goods and services to private companies, individuals or to any other party.

12. Whilst the power to trade is widely drawn, it is subject to some significant limitations, principally:

- a. the power must be exercised through a Company;
- b. the trading activity needs to contribute to best value in the related function;
- c. the power cannot be used to authorise trading in anything we are statutorily obliged to do in relation to a person;
- d. the Company established is subject to a range of legal controls;
- e. a business case must be approved.

CONCLUSION

13. While there are wide powers to raise income from charging for our discretionary services, there are more restrictions if we wish to make a profit. It is important, if this is being considered, that financial and legal advice is obtained at a very early stage, when the options are first being addressed.

APPENDIX 6: Overview of the Reconciling Policy and Resources architecture 2007/08 round

1.0 The effectiveness and operation of the architecture in 2006/07 has been reviewed and there is a strong consensus to maintain the approach of:

- medium term financial (revenue and capital) and performance planning guided by policy steers;
- effective challenge through Scrutiny and Cabinet; and use of comparative information and customer views;
- effective consultation, lobbying and communication strategies with residents, stakeholders and staff (including trade unions);
- transparent and early decision making communicated clearly through Council Plans and Portfolio Plans (refreshed each year).

2.0 The key changes proposed for 2007/08 round are to:

- await the Comprehensive Spending Review (CSR) and Government funding settlement for 2010/11 year in Autumn before setting new financial guidelines. (We will aim to set in December 2007 but this will be subject to Government settlement information being received.);
- improve use of unit cost/benchmarking/comparative performance in target setting;
- explore how to strengthen Scrutiny involvement and engagement;
- refresh Consultation and Communication strategies;
- integrate “Getting the most out of income” recommendations and any new CPA improvement action to be integrated through in year amendments to targets.

Our overall performance management arrangements were confirmed by Cabinet last year in the State of the County report. As there have been no significant changes to these arrangements they have not been included in this report but are available on the Council’s internet.

2.1 In addition as well as the annual refinement of the process, the architecture will need to be reviewed when the Comprehensive Area Agreement regime is clear.

3.0 The overall timetable is outlined below and detailed guidance for Members and officers will be issued.

July	<ul style="list-style-type: none"> • State of the County: Surveys scene financial (national and local), policy, performance (inc BVPIs), consultation results and risks update • New architecture (based on review of previous year) • MTFP differential financial guidelines (already known) • Communication, consultation and lobbying strategy revised and agreed • Full year outturn (performance and budget) considered
Autumn	<ul style="list-style-type: none"> • Review and agree Policy Steers (with Scrutiny) • 2x2 process starts (challenge) • Consultation (residents, stakeholders, staff) • Communications Strategy implemented • Detailed financial planning – revenue and capital • Risk assessments including “excess” inflation • Q1 and Q2 performance, financial and risk management
Late Autumn	<ul style="list-style-type: none"> • Emerging Portfolio Plans (including financial strategy and impacts and activities) • Detailed consultation/Scrutiny
Dec	<ul style="list-style-type: none"> • Confirmation of Government Funding, both general and specific (major risks around specific grants being mainstreamed into general grant or ending altogether)
Jan/Feb	<ul style="list-style-type: none"> • Q3 performance, financial and risk management • Taxbase and collection confirmed by Boroughs and Districts • Agreement Portfolio Plans and Budget (including allocation of any one-offs) • Council Plan agreed (March)
June	Council Plan reviewed with out turns and published