

Report to: **Children's Services Scrutiny Committee**

Date: **19 September 2007**

By: **Director of Law & Personnel**

Title of report: **Reconciling Policy and Resources**

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;**

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## **RECOMMENDATIONS**

The Committee is recommended to:

- 1. consider any comments it wishes to make to Lead Members on the relevant policy steers and their contribution to the objectives of the whole Council (the County Council Promise) prior to their consideration by County Council;**
- 2. establish a scrutiny board which is empowered to act on behalf of the committee with regard to future input into the RPR process this year, and in particular to meet in December and January to consider the proposed portfolio plan;**
- 3. agree a date in December for this scrutiny board to meet; and**
- 4. note 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. In particular it focuses on:

- National and local policy context and Policy Steers (attached at appendix 1 - only those policy steers specific to ASC are included)
- National and local financial position (attached at appendix 2)
- Performance issues (those specific to ASC are attached at appendix 3)
- Identified strategic risks (those specific to ASC are attached at appendix 4)
- Income generation and charging policy (attached at appendix 5)
- The reconciling policy and resource architecture for 2008/09 (attached at appendix 6)

1.2 The Cabinet report also contains 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 Reconciling Policy and Resources process**

2.1 Scrutiny's engagement in the RPR process is important as scrutiny members can bring the experience that they have gained through their work during the year to bear on the process. It is also an opportunity for the scrutiny committees to use the information provided to inform their future work programme.

2.2 The committee is asked to consider and comment on the detailed planning for 2008/09 and beyond as contained within the following appendices:

1. National and local policy context and policy steers  
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.
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.
3. Performance issues  
Key performance issues relevant to Children's Services.
4. Identified strategic risks  
Update on the key strategic risks facing Children's Services, which will need to be considered as the medium term service plans and targets are developed.
5. Income generation and charging policy  
The 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.
6. The reconciling policy and resource architecture for 2008/09  
Timetable for the 2008/09 reconciling policy and resources process. More detailed information on Scrutiny's role in the process is listed at 3.1 and 3.2 below.

### **3. Future timetable for RPR**

3.1 In December and January the Scrutiny Committees/boards will 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 the Scrutiny Committees will receive a report on how any recommendations they made were dealt with by Cabinet and County Council. This process was carried out by the Transport and Environment Committee last year, and Members found it helpful. It should help the Committees to frame recommendations in the future that are more likely to be accepted by Cabinet.

**Andrew Ogden**  
**Director of Law & Personnel**

Contact Officer: Gillian Mauger, Scrutiny Lead Officer (01273 481796)

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 Children's Services have been included

## 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.

### ***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.



## **Appendix 1**

- 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.

## **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:

| <b>2007/08</b><br><b>£'000</b>       | <b>Allowed Cash increases</b> | <b>2008/09</b><br><b>£'000</b> | <b>2009/10</b><br><b>£'000</b> |
|--------------------------------------|-------------------------------|--------------------------------|--------------------------------|
| (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                            |
| <b>9,941 Total</b>                   |                               | <b>7,860</b>                   | <b>7,976</b>                   |

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 Children's Services.

**Savings Requirement:**

|          | <b>2007/08<br/>£m</b> | <b>2008/09<br/>£m</b> | <b>2009/10<br/>£m</b> |
|----------|-----------------------|-----------------------|-----------------------|
| 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:

|         | <b>Annual<br/>£m</b> | <b>Running Total<br/>£m</b> | <b>Cumulative Total<br/>£m</b> |
|---------|----------------------|-----------------------------|--------------------------------|
| 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  | 2007/08                       |      | 2007/08               |       | 2007/08          |       | 2007/08               |       | 2007/08        |        |
|                                |            |               | £000                          | %    | £000                  | %     | £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%   |
| <b>Financed from:</b>          |            |               |                               |      |                       |       |                  |       |                       |       |                |        |
| 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%  |

ANNEX A



2008/09

| 2008/09                          | Budget<br>Guideline | Adjusts       | Adjusted<br>Base | Additional Cost<br>of Service |             | Savings<br>Planned |              | Approved Budget |             |
|----------------------------------|---------------------|---------------|------------------|-------------------------------|-------------|--------------------|--------------|-----------------|-------------|
|                                  | 2007/08             |               |                  | 2008/09                       |             |                    |              |                 |             |
|                                  | £000                | £000          | £000             | £000                          | %           | £000               | %            | £000            | %           |
| Chief Executive                  | 15,855              | -350          | 15,505           | 573                           | 3.7         | -508               | (3.3)        | 15,570          | 0.4         |
| Corporate Resources              | 10,077              | -300          | 9,777            | 516                           | 5.3         | -495               | (5.1)        | 9,798           | 0.2         |
| Childrens Services               | 54,001              | -420          | 53,581           | 3,005                         | 5.6         | -2,084             | (3.9)        | 54,502          | 1.7         |
| Adult Social Care                | 123,338             | -200          | 123,138          | 8,752                         | 7.1         | -2,589             | (2.1)        | 129,301         | 5.0         |
| Transport & Environment ex Waste | 28,922              | -780          | 28,142           | 1,539                         | 5.5         | -1,159             | (4.1)        | 28,522          | 1.4         |
| Waste Disposal                   | 13,988              | 0             | 13,988           | 346                           | 2.5         | -36                | (0.3)        | 14,298          | 2.2         |
| <b>Services Sub-Total</b>        | <b>246,181</b>      | <b>-2,050</b> | <b>244,131</b>   | <b>14,731</b>                 | <b>6.0</b>  | <b>-6,871</b>      | <b>(2.8)</b> | <b>251,991</b>  | <b>3.2</b>  |
| <b>Treasury Management etc</b>   | <b>47,988</b>       | <b>2,050</b>  | <b>50,038</b>    | <b>2,300</b>                  |             | <b>0</b>           |              | <b>52,338</b>   | <b>4.6</b>  |
| Levies                           | 344                 | 0             | 344              | 55                            | 16.0        | 0                  |              | 399             | 16.0        |
| <b>Corporate Sub-total</b>       | <b>48,332</b>       | <b>2,050</b>  | <b>50,382</b>    | <b>2,355</b>                  | <b>16.0</b> | <b>0</b>           | <b>0.0</b>   | <b>52,737</b>   | <b>4.7</b>  |
| <b>NET BUDGET REQUIREMENT</b>    | <b>294,513</b>      | <b>0</b>      | <b>294,513</b>   | <b>17,086</b>                 | <b>5.8</b>  | <b>-6,871</b>      | <b>(2.3)</b> | <b>304,728</b>  | <b>3.5%</b> |

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**Resources:**

|                               |                  |               |                  |      |
|-------------------------------|------------------|---------------|------------------|------|
| Formula Grant                 | 81,555           | 408           | 81,963           | 0.5% |
| Council Tax                   | 213,230          | 9,185         | 222,415          |      |
| Adjustments for earlier years | -272             | 622           | 350              |      |
|                               | <u>294,513</u>   | <u>10,215</u> | <u>304,728</u>   |      |
| <b>Council Tax</b>            | <b>£1,047.69</b> |               | <b>£1,089.02</b> |      |
| increase %                    | <b>4.3%</b>      |               | <b>3.9%</b>      |      |
| Estimated Tax base            | 203,523          | 0.35%         | 204,235          |      |





2009/10

| 2009/10                          | Budget<br>Guideline | Adjusts | Adjusted<br>Base | Additional Cost<br>of Service |      | Savings<br>Planned |       | Budget  |      |
|----------------------------------|---------------------|---------|------------------|-------------------------------|------|--------------------|-------|---------|------|
|                                  | 2008/09             |         |                  | 2009/10                       |      |                    |       |         |      |
|                                  | £000                | £000    | £000             | £000                          | %    | £000               | %     | £000    | %    |
| Chief Executive                  | 15,570              |         | 15,570           | 441                           | 2.8  | -376               | (2.4) | 15,635  | 0.4  |
| Corporate Resources              | 9,798               |         | 9,798            | 517                           | 5.3  | -496               | (5.1) | 9,819   | 0.2  |
| Childrens Services               | 54,502              |         | 54,502           | 2,266                         | 4.2  | -1,329             | (2.4) | 55,439  | 1.7  |
| Adult Social Care                | 129,301             |         | 129,301          | 9,190                         | 7.1  | -2,718             | (2.1) | 135,773 | 5.0  |
| Transport & Environment ex Waste | 28,522              |         | 28,522           | 1,821                         | 6.4  | -1,658             | (5.8) | 28,685  | 0.6  |
| Waste Disposal                   | 14,298              |         | 14,298           | 353                           | 2.5  | -35                | (0.2) | 14,616  | 2.2  |
| Services Sub-Total               | 251,991             | 0       | 251,991          | 14,588                        | 5.8  | -6,612             | (2.6) | 259,967 | 3.2  |
| <b>Treasury Management etc</b>   | 52,338              | 0       | 52,338           | 1,520                         |      | 0                  |       | 53,858  | 2.9  |
| Levies                           | 399                 | 0       | 399              | 55                            | 13.8 | 0                  |       | 454     | 13.8 |
| <b>Corporate Sub-total</b>       | 52,737              | 0       | 52,737           | 1,575                         | 13.8 | 0                  | 0.0   | 54,312  | 3.0  |
| <b>NET BUDGET REQUIREMENT</b>    | 304,728             | 0       | 304,728          | 16,163                        | 5.3  | -6,612             | (2.2) | 314,279 | 3.1% |

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**Resources:**

|                               |                |  |              |                |      |
|-------------------------------|----------------|--|--------------|----------------|------|
| Formula Grant                 | 81,963         |  | 451          | 82,414         | 0.6% |
| Council Tax                   | 222,415        |  | 9,025        | 231,440        |      |
| Adjustments for earlier years | 350            |  | 75           | 425            |      |
|                               | <u>304,728</u> |  | <u>9,551</u> | <u>314,279</u> |      |
| <b>Council Tax</b>            | £1,089.02      |  |              | £1,127.57      |      |
| increase %                    | <b>3.9%</b>    |  |              | <b>3.5%</b>    |      |
| Estimated Tax base            | 204,235        |  | 0.50%        | 205,256        |      |

### Performance in each service area

#### 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             | <b>GCSE Performance: A* - G Grades, incl. Maths &amp; English</b>          | <b>87.5</b>          | <b>87.9 Improved</b>   | <b>16.9 and 16.20</b>  |
|                         | 41             | <b>KS2 English Performance - level 4</b>                                   | <b>78.0</b>          | <b>78.0 Maintained</b> | <b>16.10 and 16.21</b> |
|                         | 181b           | <b>KS3 Maths performance - level 5</b>                                     | <b>74.0</b>          | <b>78.0 Improved</b>   | <b>16.12 and 16.23</b> |
|                         | 181c           | <b>KS3 Science performance - level 5</b>                                   | <b>68.00</b>         | <b>73.0 Improved</b>   | <b>16.12 and 16.24</b> |
|                         | 181d           | <b>KS3 ICT performance - level 5</b>                                       | <b>58.0</b>          | <b>58.0 Maintained</b> | <b>16.14 and 16.25</b> |
|                         | 194b           | <b>KS2 Mathematics Performance - level 5</b>                               | <b>29</b>            | <b>31.0 Improved</b>   | <b>16.14 and 16.26</b> |
|                         | 197            | <b>Teenage pregnancies</b>   | <b>-5.8</b>          | <b>-4.62 Worse</b>     | <b>14.6 and 14.11</b>  |
|                         | 222a           | <b>Quality of early years and childcare leadership - leaders</b>           | <b>3</b>             | <b>13.46 Improved</b>  | <b>16.18</b>           |
| Adult Social Care       | 53<br>PAF C28  | Intensive home care for people aged 65 or over                             | 6.11                 | 6.01 Worse             | 21.1                   |
|                         | 195<br>PAF D56 | Acceptable waiting time for assessment                                     | 49.4                 | 63.0 Improved          | 20.2                   |
|                         | 196<br>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                   |

## Children's Services

### 13. Strategic Overview

13.1 The Annual Performance Assessment for Children's Services 2006 made the following judgements:

- The contribution of the local authority's children's services in maintaining and improving outcomes for children and young people is good.
- The council's overall capacity to improve its services for children and young people is excellent.
- The contribution of the local authority's social care services in maintaining and improving outcomes for children and young people is excellent.

13.2 The Children and Young People's Plan (CYPP) for 2006-2008 sets out a vision for children and young people in the County. The outcomes in the CYPP are entirely consistent with the policy steers agreed by Cabinet and Council and reflect Government legislation such as The Children Act 2004, which introduced the Every Child Matters (ECM) agenda.

13.3 By 2010 we want to see:

- A discernible difference in the pattern of investment in services, with more resources devoted to early identification and intervention.
- The development of services influenced much more by the views of children and young people.
- Services being provided in an integrated way on the basis of the strongest possible partnership with children, families and young people.
- Full implementation of the Children's Trust commissioning strategy.
- Full engagement within all aspects of Children's Trust arrangements by all statutory partners listed in the Children Act 2004, and by many other non-statutory partners including the voluntary sector.
- A flexible mix of centrally and locally based services.
- Services which are more cost effective wherever possible, for example through service integration and attracting more external funding to the County.
- Maximised availability of suitable and accessible service outlets.

### 14. Being Healthy

#### *Current position:*

14.1 Our Annual Performance Assessment (APA) for 2006 judged this area overall as good.

14.2 The APA found that the Department makes a good contribution to the health of children and young people and gives effective support to parents. There are **strong relationships** with health colleagues and there are good examples of the effectiveness of these partnerships at strategic and operational levels. These include health equity audits, universal health screening for all children, enhanced visiting protocols for targeting vulnerable groups and the delivery of health education to travellers and asylum seeker families. The Family Support Strategy provides parenting education programmes in conjunction with voluntary agencies.

14.3 The **Healthy Schools (HS) programme** covers sex and relationship education, drug and alcohol education, emotional health and well-being, healthy eating and physical activity. Since April 06 we have accredited 101 (52%) schools with the new Healthy Schools Status exceeding the national and local target of 35%. 16 (46%) of schools with over 20% eligibility to free schools meals have the new award. 94% of schools are participating in the local programme.

- 14.4 The County wide multi-disciplinary **Under 19 Substance Misuse Service (U19SMS)** is cited as a good practice model by the National Treatment Agency (NTA) and the Government Office of the South East (GO-SE).
- 14.5 There have been improvements to the **Child and Adolescent Mental Health Services (CAMHS)** since 2005. All ten elements of Comprehensive CAMHS are rated as upper amber or green in the national CAMHS self assessment matrix for East Sussex. Further external validation has been received in the South East Care Services Improvement Partnership (CSIP) report on Comprehensive CAMHS development across the region, which highlighted the work of the East Sussex commissioning and development partnership as an example of good practice. The waiting time for CAMHS has reduced significantly; with the waiting time for an appointment now being within 12 weeks with many young people seen much more quickly.
- 14.6 2005 **teenage conception** figures, the latest available, showed a slight increase (0.5 per 1,000 females). Eastbourne and Hastings remain hotspot areas, although the conception rate for under 18 year olds fell in Eastbourne in 2005 and was static in Hastings. This gives a cumulative decrease since the baseline year 1998 of 4.6%. BVPI 197 (Teenage pregnancy rates), however, was in the bottom five performers when compared with all County Councils.
- 14.7 There is good access to sport and **physical activity** opportunities for children and young people, including those from vulnerable groups. This is achieved through a sound collaborative partnership of the East Sussex PE, School Sport Strategic Group, with 80% of 5-16 year olds engaged in 2 hours a week minimum on high quality PE & school sport within and beyond the curriculum.
- 14.8 **Looked After Children** continue to receive prompt, regular and targeted health screenings, assessments, follow ups and reviews, including dental and optical checks. PAF CF19, Health of Children Looked After showed a 2005/06 outturn for East Sussex of 89 compared to a national average of 83. This places East Sussex in the top banding for the indicator.
- 14.9 The percentage of mothers initiating **breastfeeding** in East Sussex increased slightly in 2006 (to 78%), a little more steeply than the national rise to 69%.
- 14.10 Re-designed **therapy services** across all areas mean that families receive timely and effective assessment, response and treatment. Occupational therapy initiatives have reduced waiting times and numbers significantly, particularly for school age children in the east of the County and the team has received a regional award for their initiative. Waiting times for speech and language therapy for young children, previously high, have also reduced significantly following the development of the new integrated Early Years Communication Team and are now local and accessible within children's centre areas.
- 14.11 The impact of particular projects can be difficult to evaluate as some **data** are not available.

### **Future Plans:**

- 14.12 **Teenage pregnancy:** We are planning to recruit to two additional posts offering sexual health advice and interventions, dedicated to those young people who are particularly vulnerable. We have also improved access to information, particularly through the Connexions Service database, identifying young mothers not in education, employment or training, known to be likely to have a second unplanned conception. We have also joined our teenage pregnancy strategy to the Chlamydia screening programme, providing greater access to sexual health advice, information and services. We are refreshing our strategy in line with new Government guidance drawn on examples of good practice and "what works" across the country. Ward based data will be available in September, relating to 2005 calendar year. Whilst the ward data is acknowledged to be not statistically reliable (too

small a sample) data relating to clusters of wards in an area do allow better targeting within a District or Borough.

- 14.13 **Data:** The Multi-Agency Group for Performance Information (MAGPI) will work with Health colleagues to improve the availability and analysis of health data.

### 15. Staying Safe

#### **Current Position:**

- 15.1 East Sussex has a strong record of performing well on safeguarding. Our APA in 2006 judged this area as excellent and in 2007 key performance indicators remain very high.
- 15.2 For the last two years, 100% of **child protection** reviews were held on time and all children with child protection plans had a key worker who was a qualified social worker. In 2006/7, the number of children who ceased to have a child protection plan, having previously had one for over two years, was 7%, against a national average of 5.4%. The proportion of children requiring child protection plans more than once was 11% in 2006/7, a significant improvement following a review of the causes of repeat child protection plans, which indicated that some of the planning could be over-optimistic, particularly where substance misuse or domestic violence issues were a factor.
- 15.3 There is good **inter-agency partnership working** to protect and safeguard children, including close working with police and health colleagues around assessments, enhanced by the joint working arrangements with police and health visitors in the Duty and Assessment Teams. The Local Safeguarding Children Board (LCSB) is well established and with good commitment from partners.
- 15.4 **Referral, assessment, planning and review arrangements for children in need** continue to be robust. 79% of initial assessments and 88% of core assessments were completed within prescribed timescales in 2006/7. This is against national averages of 74% and 79% respectively. There are regular workshops for duty and family/youth support staff to ensure consistency and the specialist children with disabilities Duty & Assessment Team (DAT) ensures consistency in safeguarding. There is swift allocation of high need/risk cases to the Family Support Teams (FSTs) and Youth Support Teams (YSTs). Continued high performance in this area reflects the strength of these services, particularly during a time of structural change.
- 15.5 There has been increase in the number of **children on the Child Protection Register**, currently standing at 397. This is an indicator of the closer working relationship between all agencies and the consequent increasing awareness. The Common Assessment Framework (CAF) processes are developing well and include relevant reference to safeguarding and child protection procedures and protocols.
- 15.6 From January to December 2006, **the anti-bullying** caseworker dealt with a total of 179 referrals, of which 125 referrals (70%) reached a positive outcome following effective intervention by the team.
- 15.7 The recording of **racist incidents** in schools has improved and the proportion of schools returning racist incident monitoring forms has increased from 52% to 68.5%.
- 15.8 A therapeutic service for children affected by **domestic violence** has been expanded countywide in 2006/7. Domestic violence reduction panels continue to target prolific offenders and have contributed to a reduction in re-offending. Police reporting to children's social care of situations where children are living with domestic violence has significantly improved during 2006/7, leading to a 38% increase in the number of children with Child

Protection plans where domestic violence is a feature.

- 15.9 **Looked After Children** live in safe environments with 90% in family placements and the number of children experiencing three or more placements reduced to 9% in 2006/7. We also created a wider pool of permanent options for children and young people in care. 90% of Looked After Children have a qualified social worker; the remaining 10% (children in settled placements) are allocated to children's caseworkers, supervised by senior practitioners. A number of teenagers aged 16+ are allocated to specialist personal advisers.
- 15.10 The numbers of accidents and numbers of children killed have both reduced through good fire and road safety initiatives.

### **Future Plans:**

- 15.11 **Domestic Violence:** We will review current inter-agency processes for intervention to prevent domestic violence adversely affecting children. We will also ensure that there are positive working relationships between refuges and statutory agencies and that the role of refuges in protecting children from harm is clear to all relevant personnel.
- 15.12 **Participation:** We will work with the police to improve involvement of disabled children in the ABE interview process, building on the success of the ABE interview project. We will also put in place arrangements to ascertain the wishes and feelings of children (including children who might not be ordinarily heard) about the priorities and effectiveness of local safeguarding work.

## **16. Enjoy and Achieve**

### **Current Position:**

- 16.1 Children and young people in the County generally achieve well and enjoy the education they receive. Our APA in 2006 judged this area overall as good.
- 16.2 **Contextual value added (CVA)** in 2006 from Key Stage (KS) 2-4 was third highest in the country, outside of London, and the highest of our former and current statistical neighbour (SN) groups. In the primary phase, value added was the fourth highest in the south-east and fourth highest of our new SN group.
- 16.3 The percentage of East Sussex schools in Ofsted categories is below the national average and in line with the average for our statistical neighbours. No secondary or special schools are in Ofsted categories.
- 16.4 East Sussex has had a precise and data-driven focus on the performance of **vulnerable groups** since 2003. There have been some notable successes as a result.
- Overall, pupils from **Minority Ethnic (ME)** backgrounds generally attain and achieve well in comparison to these groups nationally. Progress of ME pupils at secondary level is particularly good. For example, at KS4 in 2006, 61.9% of ME pupils achieve 5 or more A\*-C, compared to 56.9% nationally.
  - Significant improvements in attainment of **Looked After Children** have been made over recent years, for example, The performance of Looked After Children at KS4 for 5+ A\*-C was 22%, which was the highest ever and exceeded targets. The gap between the performance of Looked After Children and the national average for all pupils is closing rapidly.
  - The performance of young people with **statements of educational need** at KS4 has significantly improved between 2005 and 2006. Those achieving 5 or more A\*-C rose to 10.6% in 2006 from 2.7% in 2005 and those achieving 5 or more A\*-G rose to 44.4% in

2006 from 31.4% in 2005. There has been a 33% reduction in the number of children aged 9-11 placed in agency schools since 2003.

- There are significant gaps in attainment between children eligible for **free school meals** and other pupils, for example at Key Stage 4 where 26.6% of children FSM pupils achieved 5 or more A\*-C grades at GCSE or equivalent, compared to 58.2% of non-FSM pupils.

- 16.5 Where underachievement is identified by group (e.g. Travellers) or within a school, services work with schools to identify the issues and intervene effectively. **Partnership working** between the School Improvement Service (SIS) and Children's Services Authority services working with vulnerable groups is very good and enables both individual pupils and whole school systems to be targeted effectively for challenge and support.
- 16.6 Trend lines in terms of the **Foundation Stage Profile (FSP)** demonstrate performance significantly above the national in all areas. Skill levels of five year olds as measured by the Foundation Stage Profile did not follow the national pattern of decline in 2006. In three areas (personal, social and emotional development, knowledge and understanding of the world and physical development) standards improved. In the other areas while there was a decline it was less sharp than nationally, so that overall our national rating (already above the average) has improved.
- 16.7 **Attainment** has risen steadily since 2002 in all areas, broadly in line with our new SN group but in 2005 and 2006 progress has slowed after significant improvement in 2004. In some areas progress from 2005 to 2006 exceeded the national average, for example in science and mathematics at KS3, but in others, such as 5 A\*-C and 5 A\*-C including English and mathematics, it has not kept pace.
- 16.8 The attainment gap between some groups of pupils and pupils as a whole, however, remains too wide in some areas and is a focus for current and future planning. The summer 2005 result for **BVPI 38, GCSE Performance A\* - C Grades**, was 4.5% below the target of 59%. Results for this indicator have seen small year on year improvements for many years now and the summer 2006 result improved once again to the highest ever for East Sussex at 55%, though it should be noted that this improvement was not as great as that nationally, which was 2%. The summer 2006 result was 5% below the target set at 60%.

16.9 **BVPI 39, GCSE Performance A\* - G, including mathematics and English** was in the bottom five performers when compared with all of our statistical neighbours in 2005. Performance in 2006 was 88%, though this does not differ significantly from the previous year and national performance of this indicator in both 2005 and 2006 was also 88%. East Sussex performance is steady over time and typical of national results. It is important to note that significant improvement in this indicator will be measured by very small changes.

16.10 **BV 41, KS2 English Performance - level 4**, was in the bottom five performers when compared with all County Councils in 2005, with a result of 78%, 4% below the target of 82% (national average was 79%). Although the result did not meet the aspirational target, results in East Sussex were, by a small margin, the highest achieved to date. However, due to decimal point rounding results appear the same as in the previous year. Results for this indicator have been stable for the past three years, including the Summer 2006 result (national average 79%). Beneath these headline figures are interesting trends affecting the two components making up the assessment process for English. An emphasis on improving writing has seen an impact with level 4 outcomes for 2006 (64%) improving 2% from 2005 (62%). At the same time, reading level 4 outcomes have decreased in 2006 (82%) by 2% from the previous 2005 result (84%). The summer 2006 result for English overall was 6% below the target of 84%.



16.11 The summer 2005 result for **BV 181a, KS3 English Performance – level 5** was, at 74%, 3% below the target of 77%. Results in Summer 2006 fell by 4% to 70%. Results had been rising steadily for the previous four years but the Summer 2006 result was 9% short of the target. The largest contributor to the fall in overall English performance was a drop in reading performance that, at level 5, fell from 68% in 2005 to 64% in 2006 and which represented a larger change than that seen nationally. In contrast performance in writing saw no significant change from 2005 to 2006. Nationally results also fell in English in 2006 and there were issues again with consistency and quality of the marking of tests. Analysis of English scripts in East Sussex in Key Stage 3 demonstrates a particular weakness with the Shakespeare paper. Many pupils scored as few as 5 out of 18 marks.

16.12 **BV 181b, KS3 Maths performance – level 5**, was in the bottom five performers when compared with all County Councils in 2005 and the Summer 2005 result was 5% below the target of 79%. Results in Summer 2006, however, rose by 4% to reach the highest ever for East Sussex of 78% for level 5 and above. The Summer 2006 result was still 2% below the aspirational 2006 target of 80%. **BV 181c, KS3 Science performance – level 5**, was in the bottom five performers when compared with all County Councils with a Summer 2005 result of 68%, 6% below the target of 74%. Results had been increasing steadily though 2004 and 2005 had seen a significant dip in performance. Results in Summer 2006, however, demonstrated a major improvement to 73%, which is also the highest ever for East Sussex, although still 4% below the aspirational target of 77%. For both BVPI 181b and 181c, the rate of improvement was faster than nationally. Performance was particularly strong in these areas because SIS, in partnership with key schools, introduced a specific 'maximising success' programme to address relative weakness in these areas in 2005.

16.13 **BV 181d, KS3 ICT performance – level 5**, was in the bottom five performers when compared with all County Councils in 2005, with the Summer 2005 result being, at 58%, 18% below the target of 75%. The most significant factor in relation to KS3 ICT performance is that the nature of these assessments are not test based but instead are the result of teacher moderation. The difficulties of ensuring accurate and authentic moderation processes across the country as a whole have seen the development of optional online testing systems soon to be introduced. The development of authentic moderation processes within East Sussex has seen teachers take a cautious approach to awarding high levels, though the Summer 2006 outcomes show improvement to 62% at level 5 and above, although this still remains 13% below the target of 75%

16.14 **BV 194b, KS2 Mathematics Performance – level 5** was in the bottom five performers when compared with all County Councils in 2005. The Summer 2005 result of 29% was 3% below the target of 32%. Results had been improving steadily, and this was a small dip to 29% in 2005. The Summer 2006 results improved again to 31%, the highest ever performance for East Sussex schools. The provision of more robust data analysis to schools has helped to identify pupils and groups of pupils vulnerable to underachievement. Several intervention projects in mathematics are in place. Statutory target setting for this indicator ended with the Summer 2005 result. There is no equivalent target for the 2006 result, though it is worth noting that the level 5 improvements seen in East Sussex match the same improvement seen nationally.

16.15 **Attendance** of pupils remains above the national average and is 17<sup>th</sup> nationally. Authorised absence from primary and secondary schools has decreased steadily since 1999. By Summer 2005, both primary and secondary rates were well below national and SN averages. Although unauthorised absences have increased, this is attributed to very robust reporting procedures by schools and a tough line on not authorising holidays in term time. The overall level of attendance still remains higher than national and SN averages.

16.16 Levels of permanent **exclusion** fell by 17% in 2005/6. Although there was a 6% increase in levels of fixed term exclusions, the average number of days lost per exclusion fell to 3.1. Further reductions in exclusions are a priority. In the first four terms of the 2006/7 academic year, whilst in the primary phase fixed term exclusions have increased, there has been a 37% decrease in permanent exclusions and a 20% decrease in fixed term exclusion in the secondary sector over the comparable period for 2005/6. Data on children and young people from mixed ethnic origin is good.

16.17 *Provision in **early years** foundation stage is of good quality, the local authority exceeds the proportion of settings judged outstanding nationally. Parents in East Sussex have a diversity of provision for early years education; maintained nursery classes including schools, playgroups, childminders and full day care settings, meeting the integrated care and education needs of working parents. However, there is still a significant gap in the take up of nursery education places between those in the most deprived areas, where only 78% of children took up nursery education grant in 2006, compared with the least deprived areas, with a take-up of 95%.*

16.18 **BV 222a, Quality of early years and childcare leadership – leaders**, was in the bottom five performers when compared with all County Councils in 2005/06. The outturn for 2006/07, however, has improved dramatically with an increase of 10.5%. Now 13.5% of integrated early education settings (which are funded or part-funded by the Council) have leaders with a qualification at level 4 or above.

### **Future Plans:**

#### 16.19 **BV 38: GCSE Performance: A\* - C Grades**

We are planning to:

- support schools to analyse data, using Raiseonline;
- provide good practice guidelines;
- identify schools with low conversion level 5 and 6 to C+ GCSE;
- work with intervention managers in schools to plan strategies for under performing pupils;
- collect progression data from schools;
- deliver training in 'study plus' curriculum development;
- build KS3 strategies into KS4; and
- target performance in year 10 Hastings schools

#### 16.20 **BV 39: GCSE Performance: A\* - G, including mathematics and English**

We are planning to:

- identify schools who show significant discrepancies when English and mathematics are included in 5 A\*-C;
- launch Secondary National Strategy Wave 3 intervention blended learning resources for 'Improving the progress of low-attaining students in English and Maths' ;
- provide termly network meetings on 'Teaching and learning at Key Stage 4';
- focus on: curriculum planning; aspects of course work subject to underperformance; exam techniques; and
- improve the quality of Key Stage 4 schemes of work.

#### 16.21 **BV 41: KS2 English Performance - level 4**

We are planning to:

- raise achievement in writing project;
- assessment for Learning Project;

- provide renewed frameworks training for all schools;
- give input on good assessment practice for Year 6 teachers during the statutory training for Key Stage 2 over one day (an increase of half a day from previous practice);
- provide consultancy work in schools to support Key Stage 2 curriculum design;
- support school based staff development meetings on assessment for learning;
- provide focused training on boys' writing;
- provide Raiseonline training to support whole school pupil tracking;
- work in schools requiring additional support (SRAS schools); and
- target performance in year 5 Hastings and Eastbourne schools.

### 16.22 **BV 181a: KS3 English Performance – level 5**

We are planning to:

- support schools in evaluating the impact of the 2005/06 intervention programmes for Year 9 English;
- identify under performing departments requiring targeted intervention for 2006/07;
- launch Secondary National Strategy Wave 3 intervention blended learning resources for 'Improving the progress of low-attaining students in English and maths' ;
- identify school underperformance in 06 Shakespeare paper;
- provide INSET day on Teaching Shakespeare at KS3 to include workshops on the three plays;
- develop partnerships with Drama Advanced Skills Teacher and Community Arts development worker;
- attend Shakespeare Schools Festival director's workshop for teachers to support the 13 East Sussex schools taking part in the 06/07 nationwide Festival;
- 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
- target up to 40 primary schools in order to ensure up to two levels of progress for pupils at or below level 2b.

## 17. **Make a Positive Contribution**

### ***Current Position:***

17.1 Our APA in 2006 judged this area overall as excellent and no specific development areas were identified. We were also pleased to be commended for our work on participation in the “Best Achievement” category for the Municipal Journal Awards 2007.

17.2 Consultation with children, young people, parents and carers in service planning, delivery and evaluation is extensive. The focus remains on four distinct levels of participation:

- Involving individual children, young people and families in identifying solutions to their own problems and issues is a key feature of the CAF.
- Children and young people are involved in a range of local service developments, for example an innovative (emotimapping) project was undertaken with children and young people in two of our most deprived neighbourhoods, Hollington and Peacehaven.
- Children and Young people are involved in specialised service developments such as the Download Group that has recommended improvements to CAMHS. Young people from schools and youth centres, including young people who are not in education, employment or training (NEET), have been involved in the development of information, advice and guidance services. This project also engaged with a number of hard to reach families.
- The Members of the Youth Parliament (MYPs) have been part of the Children’s Trust governance arrangements since its first meeting and are active in the UK Youth Parliament. This year the MYPs helped set the agenda for the Children’s Trust Executive Group by producing papers on transport, drugs and alcohol, sex and relationship education. A new process and structure for the Youth Cabinet has been implemented with a clear democratic mandate and improved representation including young people who are ME, have learning difficulties and disabilities and who are Looked After. More young people than ever took part in the Big Vote in 2006 (39%) which would place East Sussex sixth highest turnout in the UK based on 2005 results.

- 17.3 All **Looked After Children** (LAC) are encouraged to directly communicate their views to their LAC reviews, personal education, health plans and foster care reviews by attendance or by written or electronic communication plans or via an advocate. PAF CF/C63, participation of looked after children in reviews, however, was only 80.1% in 2006/07, compared to 94% in 2005/6. LAC views and participation have contributed to a number of key policy areas and events, for example the review of health care for LAC and directly contributing to the healthy care action plan, foster care assessment training, giving views on arrangements for contact with family members, setting up and running an allotment in Hastings and successfully bidding for the purchase of a static caravan for supervised use. LAC and their carers are involved routinely in the selection and appointment process of staff within the LAC service. Development of restorative justice and protocols has reduced offending by LAC to 2.6% in 2006/07 from 2.9% the previous year (PAF CF/C18, final warnings, reprimands and convictions of children looked after) but the rate is still higher than some other similar authorities.
- 17.4 A “person-centred” project has been developed in association with Glyne Gap and Hazel Court to listen to the views of **young people with learning difficulties and disabilities** (LDD) in order to support transition into adulthood. Personalised support was also given to a young person with LDD to enable him to stand for election to the Youth Cabinet.
- 17.5 The **Youth Development Service** (YDS) has increased the range of opportunities through open access to youth clubs, sport and arts projects, the work of detached youth workers, information and advice shops, school based and residential projects and is now achieving 47% recorded outcomes for young people aged 13-19 participating in the curriculum development model.
- 17.6 100% of victims in 2006/07 are satisfied with the service received from the **Youth Offending Team** (YOT). Although ETE (Education Training and Employment PI) performance has dipped in 2006/07, at 68.1% it remains better than our family group comparators. There has also been a reduction of 17.8% in first-time entrants to the youth justice system in 2006/07 compared to 2005/06.

### ***Future Plans:***

17.7 Our future plans include:

- Increasing participation of children and young people in their reviews, especially 5-7 year olds.
- Establishing a Children’s Trust Participation Steering Group to report on progress on participation across the Children’s Trust and to co-ordinate and steer joint participation priorities.
- Developing a framework and pilot programme for Peer Inspection to gather feedback from children and young people on Children’s Services.
- Implement the IMPACT evaluation tool to measure “what’s changed” as a result of consultation and participation of children and young people.
- Ensuring consistent implementation of the agreed YDS curriculum.

## **18. Achieve Economic Well-being**

### ***Current Position:***

- 18.1 The APA 2006 judged this area overall as good and found that the council has good relations with a wide variety of partners and works effectively to improve outcomes for children and young people. This collaborative approach efficiently supports developments through all age ranges; from Sure Start and children’s centres, reaching the 20% most deprived communities, to the new 14 – 19 partnerships.

- 18.2 The Family Information Service, KITES, exceeds the national standards for children's **information services**, recognition for which has been received through the DfES sponsored national excellence award for Better Information to More Parents.
- 18.3 There has been a net increase of 466 **childcare places** between 2005 and 2007 through partnership with private, voluntary and independent (PVI) providers both on school sites and within community facilities.
- 18.4 *The DfES annual return indicates that in 2006/7 8% of young people in East Sussex are **NEET (Not in Education, Employment or Training)**. This is based on average figures for November 2006 – January 2007 and indicates that, in spite of considerable effort and the introduction of a range of new initiatives, the planned decrease in the number of NEETs (LAA 5.1: reduce the number of 16 – 19) has not yet been achieved. Indeed the data shows a small increase over the figure of 7.88% for the previous year, indicating that our performance has not improved during the last year. This disappointing trend mirrors the national position. A factor that might affect our performance on this measure is a significant reduction in the number of unknown NEETs. In 2004, 7.37% NEET were identified as 'unknowns', these are young people with whom the Connexions service has not been able to maintain contact. January 2007 saw a significant reduction in NEET unknowns to 4.53% against an LAA target of 5%. We have therefore exceeded our target in this area. This achievement means that we are better able to monitor and provide appropriate support for vulnerable young people. It has been achieved through a range of strategies including home visiting, call centres and improved sharing between agencies. This has included innovative work with schools tracking NEETs and developing a unified approach to monitoring and supporting vulnerable groups.*
- 18.5 The Children's Services Authority and Learning and Skills Council Sussex have an established, mature and highly effective partnership, as reflected in the good Area **14-19** Inspection.
- 18.6 Collaboration has achieved significant outcomes that impact on breadth and quality of provision for 14-19, reflecting identified learner need and increasingly recognising learner demand. The Vocational Provision Strategy supports the further development of provision through recognition of employer demand. There has been a notable strategic impact on the use of resources and building of capacity for sustainable growth: Five 14-19 **Local Area Partnership Boards (LAPBs)** have been developed from the travel to learn groups (these extend existing partnerships to include private partners and young people). Particularly significant are applications from each LAPB to pilot diplomas: 15 were submitted 7 were graded 1, 2 were graded 2, the remainder graded 3. This is the highest number of high grade bids in the South East and England and indicates that the Gateway process has judged each LAPB to be ready to deliver at least one diploma line in the 2008 pilot and the remainder in 2009. Increased flexibility has enabled schools and colleges to work collaboratively to provide valued learning opportunities for students who would otherwise disengage from education. Achievement has been outstanding in IF (98%) and retention rates are high (76%).
- 18.7 The proportion of those achieving level 2 at 19 is low at 68% but is rising faster than other similar areas. Post 16 attainment trends in East Sussex show average point scores per candidate of 240.5 (maintained sixth form schools only), which is below the national average of 278. The average point score per entry of 77.3 (maintained sixth form schools only), however, shows East Sussex much closer to the national average of 77.4.

**Future Plans:**

18.8 **NEETs:** To improve performance we plan to build on NEET reduction strategies introduced during the last year, this will include:

- mapping NEET hotspots across the county by ward to identify areas requiring additional provision and commissioning appropriate learning and training opportunities;
- targeting activities for over-represented vulnerable groups e.g. teenage mothers, LDD;
- increasing activities for NEET reduction targeted at specific 'crisis' times e.g. Christmas holidays, start of new terms, exit interviews for young people leaving college.
- a transition project that identifies and monitors vulnerable young people from the latter stages of primary school through to FE. The monitoring will be linked to focus early intervention activities. This will introduce a common language across the three sectors of education;
- new progression to employment programmes;
- BSF one school pathfinder is planned to improve the provision of vocational learning opportunities for young people in the Rother region;
- drawing on the outcomes of the IAG review to develop both universal and targeted provision that recognises the NEET picture; and
- developing specialist diplomas to provide greater learning participation opportunities through practical activities for level 1 and 2 students.

18.9 **14-19 Attainment:** We will raise standards of attainment as measured by the average point score per student and average point score per entry by working with individual schools and the Post-16 Partnership Group by:

- developing consistent practice across schools with regard to the use of data and self-evaluation to review performance and identify priorities, including developing good practice in relation to the identification and evaluation of the impact of specific strategies for improving outcomes for all students and for targeted groups of students vulnerable to underachievement.
- developing a support programme to address priorities for improvement and strategies to monitor impact.
- developing communication to secure collaborative work across schools that develops best practice and leads to improved student outcomes.
- ensuring all young people have access to a curriculum offer that provides a broad and relevant mix of opportunities.
- developing provision of facilities across the area to deliver a broad range of high quality provision.
- developing effective, sustainable means of communicating and engaging with employers to deliver sufficient, high quality, work-related learning opportunities for those studying the new Diploma.
- targeting improvement in participation and progression pathways to increase the percentage achieving Level 2 at 19 by working with individual schools and LAPBs.

The Strategic Risk Management log for 2007/08 (last considered by Cabinet – January 2007)

|     | <b>Countywide Themes</b>   | <b>Inherent Likelihood (4 = high)</b> | <b>Lead Coordinating Officer on behalf of COMT</b> | <b>Impact (4 = High)</b> | <b>Jan 07 View (w)orse (s)ame (i)mproved (S) I</b> |
|-----|--|---------------------------------------|--|--------------------------|--|
| 16. | <b>Coherence of developing Youth Services and Connexions agenda.</b>   | 2                                     | Matt Dunkley                                       | 2                        | (S) I  |
|     | <p><b><u>Mitigating Actions</u></b></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. | <b>Failure on major school build and design issues (e.g. Rye).</b>   | 2                                     | Matt Dunkley                                       | 3                        | (I) S  |
|     | <p><b><u>Mitigating Actions</u></b></p> <ul style="list-style-type: none"> <li>• Clarity of Project Director and Manager on Rye Primary Project Board. Very close monitoring of implementations of project plans and of risk elements.</li> <li>• Similar approach taken for Tideway.</li> </ul> |                                       |  |                          |  |



**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.

## Overview of 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.

## Appendix 6

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