East Sussex County Council

FULL COUNCIL - TUESDAY, 5 FEBRUARY 2019

Documents being circulated with the County Council agenda

Document	**Report in County Council agenda to which it is related**
Medium Term Financial Plan (Appendix 1 of the Cabinet report) (page 3)	Cabinet report, paragraph 1
Budget Summary 2019/20 (Appendix 2 of the Cabinet report) (page 7)	Cabinet report, paragraph 1
Savings Proposals (Appendix 3 of the Cabinet report) (page 43)	Cabinet report, paragraph 1
Draft Council Plan 2019/20 (Appendix 4 of the Cabinet report) (page 51)	Cabinet report, paragraph 1
Council Tax Precepts (Appendix 5 of the Cabinet report) (page 77)	Cabinet report, paragraph 1
Fees and Charges Schedule (Appendix 6 of the Cabinet report) (page 79)	Cabinet report, paragraph 1
Capital Programme (Appendix 7 of the Cabinet report) (page 83)	Cabinet report, paragraph 1
Chief Finance Officer's Statement on budget robustness (Appendix 8 of the Cabinet report) (page 109)	Cabinet report, paragraph 1
Engagement Feedback (Appendix 9 of the Cabinet report) (page 119)	Cabinet report, paragraph 1
Council Monitoring – Corporate Summary (Appendix 10 of the Cabinet report) (page 131)	Cabinet report, paragraph 2
Council Monitoring – Adult Social Care and Health (Appendix 11 of the Cabinet report) (page 137)	Cabinet report, paragraph 2
Council Monitoring – Business Services (Appendix 12 of the Cabinet report) (page 144)	Cabinet report, paragraph 2
Council Monitoring – Children's Services (Appendix 13 of the Cabinet report) (page 148)	Cabinet report, paragraph 2
Council Monitoring – Communities Economy and Transport (Appendix 14 of the Cabinet report) (page 152)	Cabinet report, paragraph 2
Council Monitoring – Governance Services (Appendix 15 of the Cabinet report) (page 157)	Cabinet report, paragraph 2
Council Monitoring – Strategic Risk Register (Appendix 16 of the Cabinet report) (page 161)	Cabinet report, paragraph 2
Looked After Children Annual Report (Appendix 17 of the Cabinet report) (page 167)	Cabinet report, paragraph 3
Treasury Management Policy and Strategy (Appendix 18 of the Cabinet report) (page 183)	Cabinet report, paragraph 4
Conservators of Ashdown Forest draft budget (Appendix 19 of the Cabinet report) (page 209)	Cabinet report, paragraph 5
Ashdown Forest Trust Fund 2019/20 (Appendix 20 of the Cabinet report) (page 213)	Cabinet report, paragraph 5
Countryside Stewardship budget 2019/20 (Appendix 21 of the Cabinet report) (page 214)	Cabinet report, paragraph 5
Response in relation to scrutiny review of schools coping with change (Appendix 22 of the Cabinet report) (page 217)	Cabinet report, paragraph 6

Scrutiny Review of Schools coping with change (Appendix 1 of the People Scrutiny Committee report) (page 223)	People Scrutiny Committee report, paragraph 1

PHILIP BAKER
Assistant Chief Executive

Appendix 1 - Medium Term Financial Plan	18/19 Approved Budget £million	19/20 Estimate £million	*20/21 Estimate £million*	*21/22 Estimate £million*
TAXATION & GOVERNMENT FUNDING		(371.304)	*(375.145)*	*(380.594)*
Business Rates (Inclusive of BRR Pilot)	(74.706)	(9.055)	*4.363*	*(1.719)*
Revenue Support Grant (RSG) *	(14.966)	14.966	*(2.015)*	*1.506*
Council Tax	(272.567)	(10.097)	*(8.128)*	*(9.231)*
Council Tax - Adult Social Care Precept	(7.834)			
New Homes Bonus	(1.231)	0.345	*0.331*	*0.076*
TOTAL TAXATION & GOVERNMENT FUNDING	**(371.304)**	**(375.145)**	***(380.594)***	***(389.962)***
SERVICE PLAN				
Service Expenditure	344.204	328.083	*341.236*	*356.583*
LGPS Secondary element, budget transfer to Corporate #		(2.352)		
Inflation				
Pay Award	2.954	3.635	*2.208*	*2.301*
Contractual inflation as per contract	1.101	0.889	*0.794*	*0.866*
Contractual inflation at OBR rates	8.485	6.270	*6.452*	*6.943*
Adult Social Care				
Growth & Demography	4.500	3.538	*3.840*	*3.500*
IBCF planned reduction	(3.239)			
Adult Social Care Support Grant 18/19	1.616	(1.616)		
Children's Services				
Extension of Foster Care to 21	0.700			
Dedicated Schools Grant	2.500	4.891	*2.200*	
Transition Funding for Schools planned reduction	(0.750)			
Growth & Demography		1.656	*1.555*	*1.070*
Looked After Children		1.043	*(0.185)*	*(0.591)*
Post 16 i-Send (New Responsibility)		0.269		
Fostering		0.374		
Care leavers (New Responsibility)		0.163		
Home to School Transport		0.726		
Communities, Environment & Transport				
Waste Housing Growth	0.177	0.233	*0.237*	*0.229*
Removal of one-off Economic Development Grants	(1.000)			
Street lighting Electricity/Re-payment of Investment	0.107		*(0.195)*	*(0.655)*
Trading Standards	0.025			
The Keep rates and utilities	0.061			
Libraries Hastings rates and utilities	0.045	0.046		
Business Services				
Data Centre	0.250			
Contract pressures	0.112			
IT & Digital Licences		0.297		
Governance Services				
Legal pressures	0.059			

Medium Term Financial Plan	18/19 Approved Budget £million	19/20 Estimate £million	*20/21 Estimate £million*	*21/22 Estimate £million*
Specific Grants				
Improved Better Care Fund	(7.814)	(7.088)		
Improved Better Care Fund - Supplementary	(7.343)	3.694	*3.649*	
Adult Social Care Support Grant 18/19	(1.616)	1.616		
NET SERVICE EXPENDITURE	**345.134**	**346.367**	***361.791***	***370.246***
Corporate Expenditure		43.221	*33.909*	*35.890*
Treasury Management	21.436	(3.740)	*0.687*	*(0.179)*
Funding Capital Programme - base contribution	4.000	(4.000)		
Funding Capital Programme - New Homes Bonus	1.231	(1.231)	*0.555*	*(0.076)*
General Contingency	3.500	0.070	*0.050*	*0.100*
Contribution to balances and reserves	4.481	(3.573)	*(0.216)*	
Pensions #	7.202	3.136	*0.885*	
Apprenticeship Levy	0.600			
Levies & Grants	0.771	0.026	*0.020*	*0.012*
TOTAL CORPORATE EXPENDITURE	**43.221**	**33.909**	***35.890***	***35.747***
TOTAL PLANNED EXPENDITURE - before savings	**388.355**	**380.276**	***397.681***	***405.993***
CUMULATIVE DEFICIT/(SURPLUS)	**17.051**	**5.131**	***17.087***	***16.031***
Savings 18/19	(17.051)			
Savings 19/20 to 21/22		(5.131)	*(5.208)*	*(1.972)*
TOTAL PLANNED EXPENDITURE - less savings	**371.304**	**375.145**	***392.473***	***404.021***
CUMULATIVE DEFICIT/(SURPLUS)	**0.000**	**0.000**	***11.879***	***14.059***
ANNUAL DEFICIT/(SURPLUS)	**0.000**	**0.000**	***11.879***	***2.180***

* From 2020/21 the outcome of the Fair Funding Review and Business Rates Retention Reform will impact. The MTFP position reflects the current needs assessment.

LGPS Secondary element transferred from service expenditure into corporate expenditure, £2.352m 2019/20.

Movement since 13th November 2018 Cabinet	19/20 Estimate £million	*20/21 Estimate £million*	*21/22 Estimate £million*	*Total Estimate £million*
Cabinet 13th November 2018 DEFICIT/(SURPLUS)	**16.725**	**19.610**	**9.366**	**45.701**
Savings 19/20 to 21/22	(5.131)	*(5.208)*	*(1.972)*	*(12.311)*
	11.594	**14.402**	**7.394**	**33.390**
National Funding				
Council Tax Base D&B update in Dec	0.456	*0.014*	*0.014*	*0.484*
Council Tax Collection Fund D&B update in Dec	0.176	*(0.176)*		
New Homes Bonus: update for 2018 Housing Data	0.111	*(0.111)*		
New One off Funding				
Business Rates Pilot	(1.600)	*1.600*		
Social Care Support Grant 19/20	(4.417)	*4.417*		
Cost of Operations				
ASC: Growth & Demography	(1.462)	*(1.460)*	*(1.800)*	*(4.722)*
ASC: Change in Care Contracts Inflation	(2.398)	*(2.557)*	*(2.656)*	*(7.611)*
CSD: Growth & Demography	(1.052)	*1.052*		
CSD: service pressures, including Home to School Transport	0.478	*0.248*		*0.726*
CET: service pressures, Waste Housing Growth	(0.005)	*0.006*	*0.011*	*0.012*
BSD: service pressures, IT&D licences	(0.153)			*(0.153)*
Change in General Inflation	0.020	*(0.759)*	*(0.614)*	*(1.353)*
Levies and Grants	(0.019)	*0.007*		*(0.012)*
General Contingency change	0.030	*(0.010)*	*0.010*	*0.030*
Financing				
Treasury Management Strategy: MRP Review	(2.140)	*0.587*	*0.321*	*(1.232)*
Treasury Management Strategy: Target for reduced cost of carry	(0.500)	*(0.500)*	*(0.500)*	*(1.500)*
Revenue Contributions to Capital: Removed for MTFP term	(4.000)			*(4.000)*
Contribution to balances and reserves	4.881	*(4.881)*		
DEFICIT/(SURPLUS)	**0.000**	**11.879**	**2.180**	**14.059**

CUMULATIVE DEFICIT/(SURPLUS)	*14.059*

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APPENDIX 2

Budget Summary 2019/20

Revenue Budget 2019/20

Medium Term Financial Plan 2019/20 to 2021/22

Capital Programme to 2022/23

DRAFT – final version to be agreed post Local Government Final Settlement

East Sussex County Council

Contents

Further information can also be obtained from our website:
eastsussex.gov.uk

or by writing to:
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Lewes
East Sussex BN7 1UE
or by email to:
finance@eastsussex.gov.uk

Chief Finance Officer's Foreword

Introduction

This budget summary provides detail on the 2019/20 revenue budget and the Capital Programme to 2022/23. It gives analysis of expenditure by type and also by accountability, along with detail of our resources to finance that expenditure. The summary provides a useful source of information for Council officers, elected members and the public alike.

The 2019/20 Approved Budget

In 2019/20 the Council (including schools) will spend £795.3m to deliver services to the people of East Sussex, with a further £103.1m of investment in infrastructure and assets through its capital programme. The Council's stated priorities outcomes are:-

- *Economic Growth*
- *Helping people to help themselves*
- *Keeping vulnerable people safe*
- *Making the best use of resources*

Revenue Budget

Making best use of our resources means achieving all stated outcomes within the context of increasing demand and diminishing resources available to the Council. For 2019/20, savings of £5.1m will be delivered. While for 2019/20 the budget is balanced, there is significant uncertainty regarding government funding in future years and a budget gap by 2020/21. Work continues to identify savings in a number of areas including the cost of operations and financing. In addition the effects of a number of national funding decisions will impact during this period. At the same time, key services have been protected as far as possible from the effects of increased prices and demand with a core offer being developed.

Government grants amount to £311.3m (39%) of the total expenditure of the Council.

Council Tax finances approximately 36% of the total expenditure of the Council. For 2019/20 the council tax will be increased by 2.99%. Band D council tax will therefore be £1,434.78 per annum, an increase of £41.67 on the current year.

Capital Programme

The programme to 2022/23 is £363.2m gross, £269.5m net over five years. The programme focusses on a strategy to deliver core need, in support of the delivery of priority outcomes, as efficiently as possible. Of this, 35% will be funded by Central Government grants.

Ian Gutsell
Chief Finance Officer
February 2019

Medium Term Financial Planning

£'m	2018/19 Budget	2019/20 Budget	2020/21 Estimate	2021/22 Estimate
CORPORATE FUNDING		(371.304)	(375.145)	(380.594)
Business Rates	(74.706)	(9.055)	4.363	(1.719)
Revenue Support Grant	(14.966)	14.966	(2.015)	1.506
Council Tax	(280.401)	(10.097)	(8.128)	(9.231)
New Homes Bonus	(1.231)	0.345	0.331	0.076
TOTAL CORPORATE FUNDING	**(371.304)**	**(375.145)**	**(380.594)**	**(389.962)**
PLANNED EXPENDITURE				
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Adult Social Care				
Growth & Demography	4.500	3.538	3.840	3.500
IBCF planned reduction	(3.239)			
Adult Social Care Support Grant 18/19	1.616	(1.616)		
Children's Services				
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Home to School Transport		0.726		
Communities, Environment & Transport				
Waste Housing Growth	0.177	0.233	0.237	0.229
Removal of on-off Economic Development Grants	(1.000)			
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Libraries Hastings rates and utilities	0.045	0.046		

Medium Term Financial Planning

£'m	2018/19 Budget	2019/20 Budget	2020/21 Estimate	2021/22 Estimate
Business Services				
Data Centre	0.250			
Contract pressures	0.112			
IT & Digital Licences		0.297		
Governance Services				
Legal pressures	0.059			
Specific Grants				
Improved Better Care Fund	(7.814)	(7.088)		
Improved Better Care Fund - Supplementary	(7.343)	3.694	3.649	
Adult Social Care Support Grant 18/19	(1.616)	1.616		
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Corporate Budgets		43.221	33.909	35.890
Treasury Management	21.436	(3.740)	0.687	(0.179)
Funding Cap Programme - base contribution	4.000	(4.000)		
Funding Cap Programme - New Homes Bonus	1.231	(1.231)	0.555	(0.076)
General Contingency	3.500	0.070	0.050	0.100
Contribution to balances and reserves	4.481	(3.573)	(0.216)	
Pensions	7.202	3.136	0.885	
Apprenticeship Levy	0.600			
Levies & Grants	0.771	0.026	0.020	0.012
Total Corporate Expenditure	43.221	33.909	35.890	35.747
TOTAL PLANNED SPENDING	**388.355**	**380.276**	**397.681**	**405.993**
CUMULATIVE DEFICIT/(SURPLUS)	**17.051**	**5.131**	**17.087**	**16.031**
SAVINGS 18/19	**(17.051)**			
SAVINGS 19/20 to 21/22		**(5.131)**	**(5.208)**	**(1.972)**
CUMULATIVE DEFICIT/(SURPLUS) after savings	**0.000**	**0.000**	**11.879**	**14.059**

Settlement Funding Assessment 2019/20

The Government's primary economic objective remains to reduce the national deficit and so Government funding to local authority services continues to decrease year on year.

Settlement Funding Assessment (SFA):

Funding	2018/19 £'000	2019/20 £'000	1 year change £'000	1 year change %
Business Rates Retention	11,855	34,939	23,084	194.7
Business Rates Top-up	60,351	42,413	-17,938	-29.7
Total Business Rates	72,206	77,352	5,146	7.1
Revenue Support Grant (RSG)	14,966		-14,966	-100.0
Total - ESCC	**87,172**	**77,352**	**-9,820**	**-11.3**

The SFA represents the general funding level provided by Government to local authorities. For 2019/20, the reduction in SFA is £9.8m or 11.3%. This closely follows the reductions expected from last year's Settlement.

Business rates retention is based on the Government's national assessment of business rate yield. The County Council's budget for business rates retention reflects its 26% share of locally collected business rates from information provided by the District and Borough Councils. The figures reflect the County's successful bid to be a pilot in 2019/20.

Resources - funding / core spending power

Core Spending Power

Core Spending Power represents the Government's assessment of the funding they provide to us. It includes their assumptions on growth and inflation. The calculation is designed to give their view as to how local authority spending is changing overall.

The Government revises this measure each year. This year it includes Revenue Support Grant, Retained Business Rates, income from New Homes Bonus, the Rural Services Delivery Grant, Better Care Funding, compensation for Business Rates capping and Council Tax. The inclusion of Better Care funding, compensation for Business Rates capping and increases in Council Tax masks the withdrawal of core Government Grant (RSG).

The table below details changes to the County Council’s Spending Power for 2015/16 to 2019/20.

2015/16 £'000	Core Spending Power	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	4 Year Change £'000	%
11,302	Business Rates retention	11,396	11,462	11,855	34,939	23,637	209.1%
56,828	Business Rates Top-Up	57,302	58,638	60,351	42,413	-14,415	-25.4%
68,875	Revenue Support Grant	45,107	26,727	14,966		-68,875	-100.0%
137,005	**Settlement Funding Assessment**	**113,805**	**96,827**	**87,172**	**77,352**	**-59,653**	**-43.5%**
2,275	New Homes Bonus	2,720	2,078	1,231	886	-1,389	-61.0%
222	New Homes Bonus returned funding	159	168			-222	-100.0%
	Transition Grant	2,704	2,696			0	
	Adult Social Care Support Grant		2,597	1,616		0	
	Winter Pressures Grant			2,586	2,586	2,586	100.0%
	Improved Better Care Fund		11,313	15,157	18,551	18,551	100.0%
	Social Care Support Grant				4,417	4,417	100.0%
994	Compensation for business rates capping	994	1,053	1,655	2,407	1,413	142.3%
227,221	Council Tax	242,632	257,380	276,720	289,773	62,552	27.5%
367,716	**ESCC Core Spending Power**	**363,012**	**374,113**	**386,137**	**395,972**	**28,256**	**7.7%**

For East Sussex, this year's Settlement is the last year of a four-year deal. Last year the Spending Power calculation showed that our spending would increase by £21.0m or 5.7%, over the life of the 4 year deal. This year’s calculation suggests a 4 year increase in Spending Power of £28.3m or 7.7%. The increase is mostly due to the Government's anticipated Council Tax growth and assumes that councils will take up the allowance to increase general Council Tax by 3% in 2019/20.

As outlined above the combination of additional inclusions and changes to Core Spending Power mean the Government’s presentation of Core Spending Power may lead to public confusion with regards to the County Council’s financial position.

Resources - specific and special grant funding

Direct impact on County Council Services

	Rebased Budget 2018/19 £'000	Estimate 2019/20 £'000	Change £'000
Adult Social Care/Public Health			
Public Health Grant	27,270	26,550	(720)
Improved Better Care Fund	15,157	18,551	3,394
Former Independent Living Fund (ILF) Recipient Grant	986	956	(30)
L R and C V Grant - War Pensions scheme disregard	149	241	92
Local Reform and Community Voices Grant	54	54	0
Adult Social Care Support Grant	1,616	0	(1,616)
Social Care Prisons Grant	105	0	(105)
	45,337	46,352	1,015
Children's Services			
Hastings Opportunity Area Fund	2,950	3,122	172
Troubled Families Grant	1,616	1,444	(172)
Unaccompanied Asylum Seeking Children (UASC)	760	801	41
Extended Rights to Free Transportation	672	672	0
Youth Justice Good Practice Grant	389	389	0
Staying Put	278	292	14
School Improvement grant	447	184	(263)
SSIF funding	147	147	0
Remand Allocation Grant	72	92	20
Junior Attendance Centre Grant	27	27	0
KS2 moderation and phonics	19	19	0
DfE extended duties legislation grant	0	17	17
SLES Specific Grants	143	0	(143)
	7,520	7,206	(314)
Communities Economy and Transport			
PFI Grant - Waste	2,996	2,996	0
Bus Service Operators Grant	443	443	0
ACCESS Fund	492	371	(121)
DEFRA - AONB - High Weald	291	294	3
Bikeability Grant for Local Highway Authorities	106	118	12
Lead Local Flood Authority Grant	45	48	3
Pothole Fund (funding now goes straight to capital)	846	0	(846)
	5,219	4,270	(949)
Governance Services			
Local Reform and Community Voices Grant	295	310	15
	295	310	15
Business Services			
PFI Grant - Peacehaven Schools	1,759	1,759	0
	1,759	1,759	0
Centrally Held items			
Inshore Fisheries Conservation Authorities Grant	58	58	0
MHCLG New Burdens grant	16	15	(1)
Social Care Grant	0	4,417	4,417
	74	4,490	4,416
Total Direct Impact	60,204	64,387	4,183

Indirect impact - where the Council acts as "agent" to transfer funds

	Rebased Budget 2018/19 £'000	Estimate 2019/20 £'000
Children's Services		
Dedicated Schools Grant	212,262	224,358
Pupil Premium Grant	8,785	8,987
Universal Infant Free School Meals	3,980	3,980
PE and Sport Grant	891	891
Higher Education Funding Council grant	845	791
Sixth Form Funding from the Education Funding Agency	550	550
Community Learning	195	195
	227,508	239,752
Communities Economy and Transport		
Skills Funding Agency	564	564
Adult Social Care/Public Health		
Disabled Facilities Grant	6,634	6,635
Total Indirect Impact	234,706	246,951

Grant Funding Summary

Government Specific and Special Grants		
Total Direct Impact	60,204	64,387
Total Indirect Impact	234,706	246,951
	294,910	**311,338**
Grants from other agencies		
Federation of Music - Arts Council	643	643
Arts Council	0	15
European Regional Development Fund	25	0
Initial teacher Training Grant - Teacher Training Agency	51	30
	719	**688**
Total	295,629	312,026

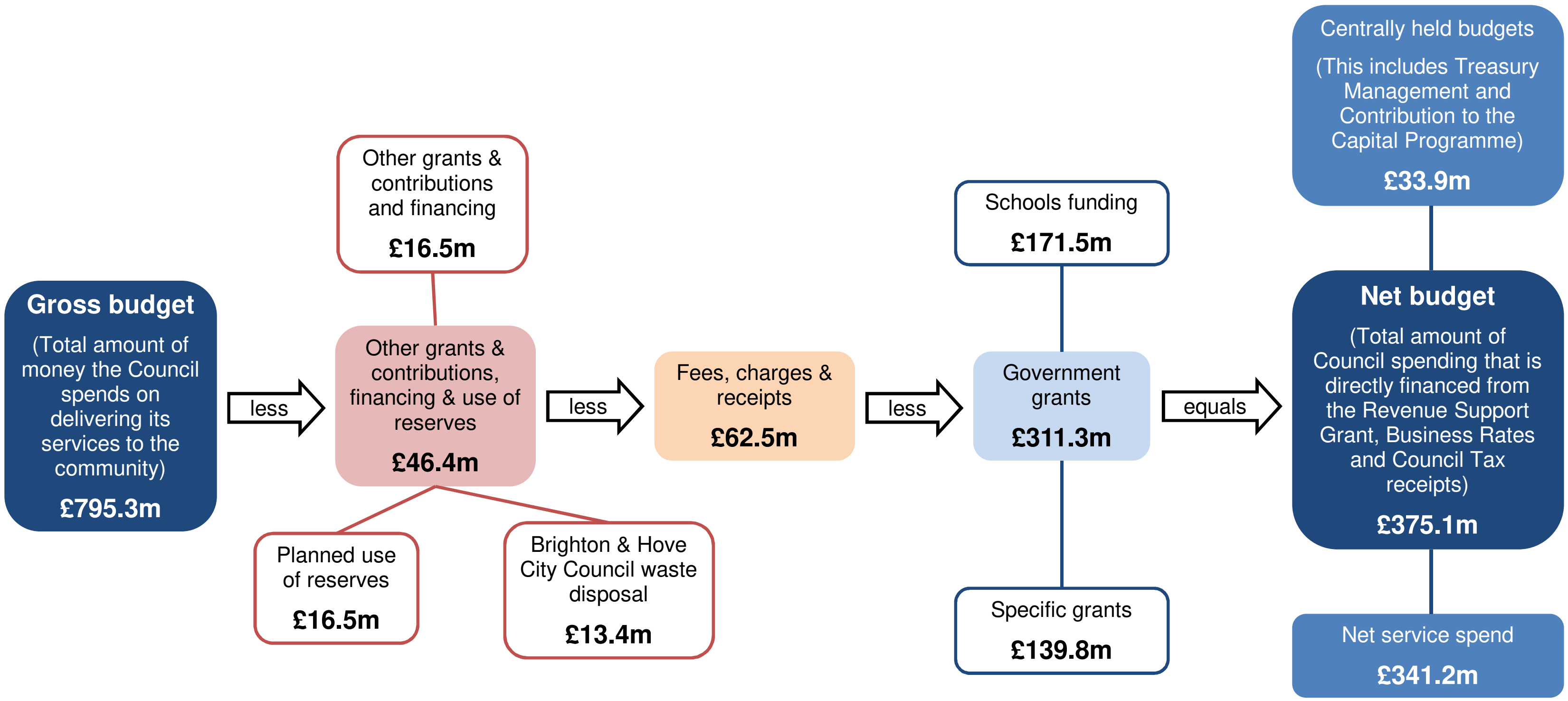
Summary by department		
Adult Social Care	51,971	52,987
Children's Services	235,028	246,958
Communities Economy and Transport	5,783	4,834
Governance Services	295	310
Business Services	1,759	1,759
	294,836	**306,848**
Corporate items	74	4,490
	294,910	311,338
Grants from other agencies	719	688
Total	295,629	312,026

(please note, at this stage not all grants are confirmed)

Revenue Budget Summary 2019/20

ESCC Budget	2018/19 Budget £000	2019/20 Budget £000	Change £000	%
Gross Expenditure	**791,502**	**795,277**	**3,775**	**0.48%**
Less:				
Fees, Charges & Receipts	(61,572)	(62,527)	(955)	
Specific Government Grants	(291,488)	(311,338)	(19,850)	
Financing and Planned use of reserves	(14,805)	(6,293)	8,512	
Other grants and contributions	(52,332)	(39,974)	12,358	
Net Expenditure	**371,305**	**375,145**	**3,840**	**1.03%**
Made up of:-				
Net Service Expenditure	**328,083**	**341,236**	**13,153**	
Treasury Management	21,436	17,696	(3,740)	
Contributions to Capital Programme	5,231		(5,231)	
Contingency	3,500	3,570	70	
Pay & inflation provision (incl National Living Wage)	3,021	3,021	0	
Contribution to balances and reserves	1,460	(2,113)	(3,573)	
Pensions	7,202	10,338	3,136	
Apprenticeship Levy	600	600	0	
Levies and Grants	771	797	26	
Net corporate expenditure	**43,221**	**33,909**	**(9,312)**	**-21.55%**
Net Budget	**371,304**	**375,145**	**3,841**	**1.03%**
Funded by:-				
Business Rates & S31 Grants	(75,046)	(83,761)	(8,715)	
Revenue Support Grant	(14,966)		14,966	
New Homes Bonus	(1,231)	(886)	345	
Collection Fund: Business Rates (Surplus)/ Deficit	340		(340)	
Collection Fund: Council Tax (Surplus)/ Deficit	(3,681)	(2,822)	859	
Funding Other Than Council Tax	**(94,584)**	**(87,469)**	**7,115**	**-7.52%**
Council Tax Requirement	**276,720**	**287,676**		
Taxbase: Number of "Band D" equivalent dwellings	198,635	200,502		
Band D Council Tax	**£1,393.11**	**£1,434.78**		**2.99%**

Revenue Budget Summary 2019/20 - gross budget to net budget



Revenue Budget Summary - departmental budget movements 2015/16 to 2018/19

	2015/16 Rebased Budget £'000	Net Movt %	2016/17 Rebased Budget £'000	Net Movt %	2017/18 Rebased Budget £'000	Net Movt %	2018/19 Rebased Budget £'000	Net Movt 15/16 to 18/19 %
Adult Social Care	157,710	3.72%	163,572	3.08%	168,608	-1.90%	165,407	4.88%
Public Health	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Business Services / Orbis	20,049	7.74% [1]	21,601	-1.48%	21,282	4.64% [2]	22,270	11.08%
Children's Services (excl. schools)	64,671	-0.12%	64,593	6.14%	68,562	0.14%	68,655	6.16%
Communities, Economy & Transport	58,807	3.42%	60,818	4.22%	63,384	-1.86%	62,206	5.78%
Governance Services	7,580	-1.07%	7,499	-2.92%	7,280	-1.21%	7,192	-5.12%
Total Departments	**308,817**	**3.00%**	**318,083**	**3.47%**	**329,116**	**-1.03%**	**325,730**	**5.48%**

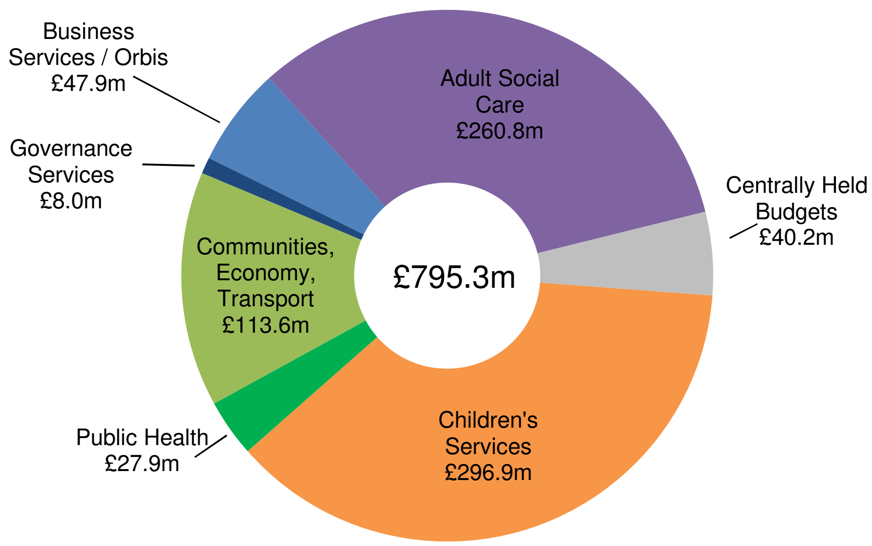
[1] BSD received an allocation of £1.9m during 16/17 budget setting for:

Insurance Premium	£0.4m	From Centrally Held Budgets.
Property	£1.0m	From capital programme, relating to building maintenance & EFA ringfence (schools-related).
ICT	£0.5m	From capital programme to cover Microsoft licences.

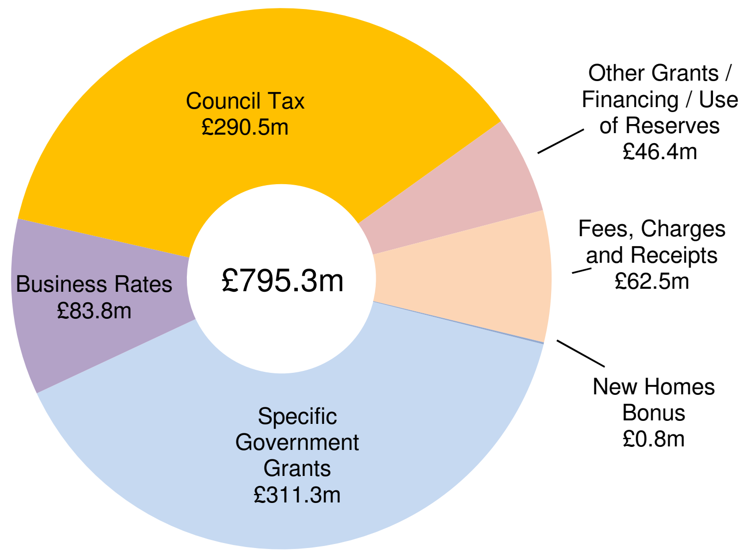
[2] Net increase due to centralisation of printing and franking budgets totalling £1.2m.

Revenue Budget Summary 2019/20 - gross revenue budget

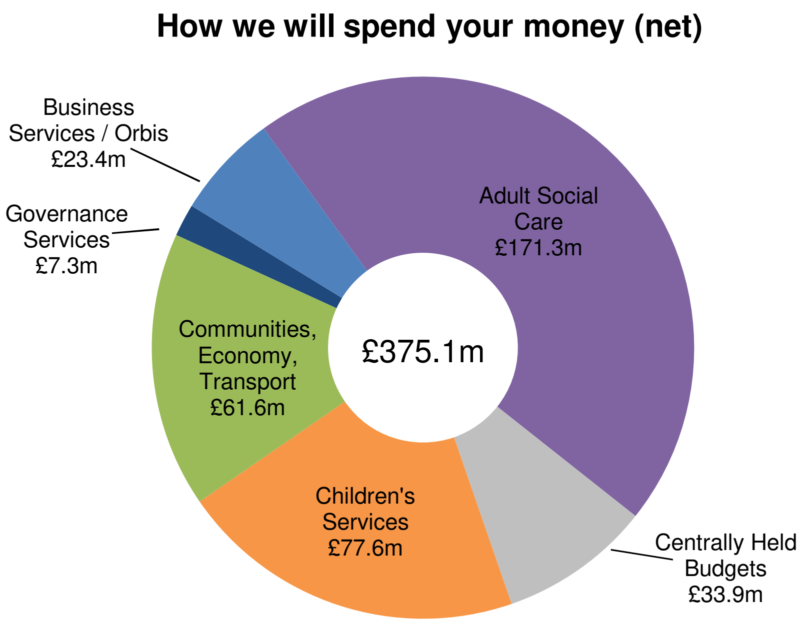
How we will spend your money (gross)

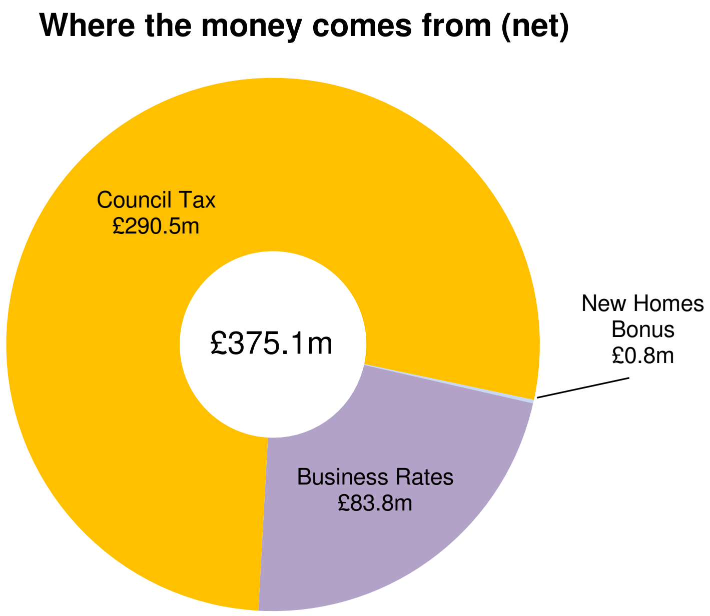


Where the money comes from (gross)



Revenue Budget Summary 2019/20 - net revenue budget





Revenue Budget Summary 2019/20 - budget changes 2018/19 to 2019/20

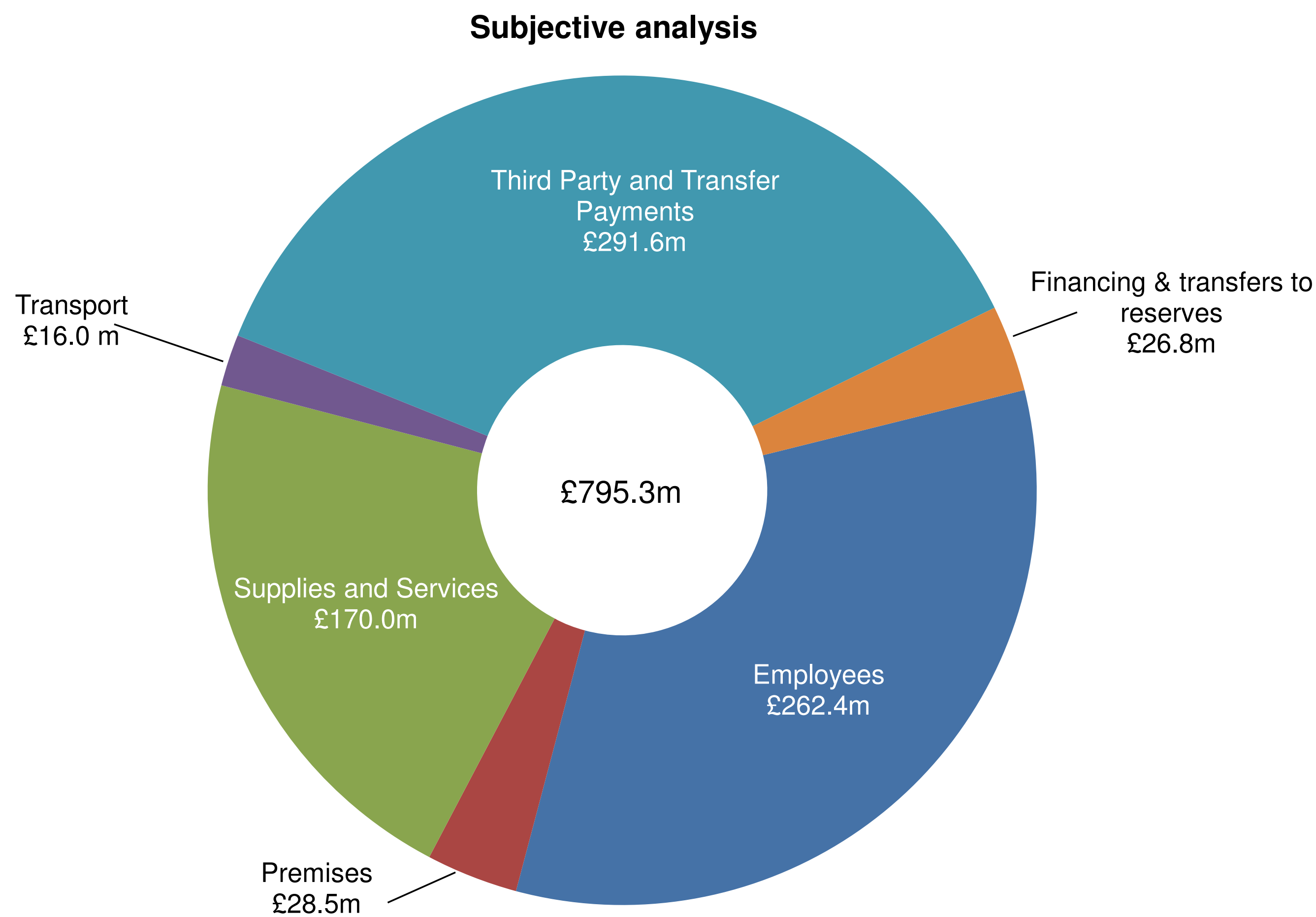
	2018/19 Rebased Net Budget £'000	Additions £'000	Reductions £'000	2019/20 Net Budget £'000	Change £'000	Change %
Adult Social Care	165,407	6,613	(730)	171,290	5,883	3.56%
Public Health	0	-	-	0	-	0.00%
Business Services / Orbis	22,270	2,160	(1,030)	23,400	1,130	5.07%
Children's Services (inc. schools)	68,655	10,825	(1,928)	77,552	8,897	12.96%
Communities, Economy & Transport	62,206	1,771	(2,349)	61,628	(578)	-0.93%
Governance Services	7,192	174	-	7,366	174	2.42%
Total Departments	**325,730**	**21,543**	**(6,037)**	**341,236**	**15,506**	**4.76%**
Corporate Budgets	43,221	3,232	(12,544)	33,909	(9,312)	-21.55%
Total	**368,951**	**24,775**	**(18,581)**	**375,145**	**6,194**	**1.68%**

Revenue Budget Summary 2019/20 - subjective analysis

Department	Employees	Premises	Transport	Supplies & Services	Transfers & Third Party Payments	Financing & Transfers to Reserves	**Total Expenditure**	Government Grants	Other Grants & Contributions	Fees, Charges & Receipts	Financing & Planned Use of Reserves	**Total Income**	Internal Recharges (exp & inc)	**Net Service Expenditure**
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Care	13,158	262	306	1,990	46,542	-	62,258	(6,360)	(6,521)	(8,016)	-	(20,897)	456	41,817
Adult Social Care - ESBT*	35,779	927	794	4,894	156,115	4	198,513	(20,077)	(22,474)	(26,704)	-	(69,255)	215	129,473
Total Adult Social Care/ESBT	**48,937**	**1,189**	**1,100**	**6,884**	**202,657**	**4**	**260,771**	**(26,437)**	**(28,995)**	**(34,720)**	**-**	**(90,152)**	**671**	**171,290**
Public Health	712	-	7	31	7,886	-	8,636	(8,230)	-	-	(504)	(8,734)	98	-
Public Health - ESBT*	1,586	-	18	71	17,553	-	19,228	(18,320)	-	-	(1,122)	(19,442)	214	-
Total Public Health/ESBT	**2,298**	**-**	**25**	**102**	**25,439**	**-**	**27,864**	**(26,550)**	**-**	**-**	**(1,626)**	**(28,176)**	**312**	**-**
Business Services / Orbis	**643**	**11,273**	**45**	**33,747**	**2,161**	**11**	**47,880**	**(2,317)**	**(1,618)**	**(8,614)**	**(1,193)**	**(13,742)**	**(10,738)**	**23,400**
Children's Services	**179,149**	**11,474**	**1,587**	**46,069**	**58,585**	**-**	**296,864**	**(246,347)**	**8,610**	**(5,101)**	**(583)**	**(243,421)**	**24,109**	**77,552**
Communities Economy & Transport	**15,678**	**4,282**	**13,158**	**77,363**	**1,327**	**1,812**	**113,620**	**(4,834)**	**(17,782)**	**(13,962)**	**(1,091)**	**(37,669)**	**(14,323)**	**61,628**
Governance Services	**4,870**	**318**	**79**	**2,006**	**806**	**-**	**8,079**	**(363)**	**(189)**	**(130)**	**-**	**(682)**	**(31)**	**7,366**
Services	251,575	28,536	15,994	166,171	290,975	1,827	755,078	(306,848)	(39,974)	(62,527)	(4,493)	(413,842)	-	341,236
Centrally held budgets	10,938	-	-	3,781	565	24,915	**40,199**	(4,490)	-	-	(1,800)	**(6,290)**		**33,909**
Total	262,513	28,536	15,994	169,952	291,540	26,742	795,277	(311,338)	(39,974)	(62,527)	(6,293)	(420,132)	-	375,145

***East Sussex Better Together:**														
Adult Social Care	35,779	927	794	4,894	156,115	4	**198,513**	(20,077)	(22,474)	(26,704)	-	**(69,255)**	215	**129,473**
Public Health	1,586	-	18	71	17,553	-	**19,228**	(18,320)	-	-	(1,122)	**(19,442)**	214	**-**
Total ESBT	**37,365**	**927**	**812**	**4,965**	**173,668**	**4**	**217,741**	**(38,397)**	**(22,474)**	**(26,704)**	**(1,122)**	**(88,697)**	**429**	**129,473**

Revenue Budget Summary 2019/20 - subjective analysis



Revenue Budgets - Adult Social Care

2018/19 Rebased Net Budget		Employees	Premises	Transport	Supplies & Services	Transfers & Third Party Payments	Financing & Transfers to Reserves	**Total Expenditure**	Government Grants	Other Grants & Contributions	Fees, Charges & Receipts	Financing & Planned Use of Reserves	**Total Income**	Internal Recharges (exp & inc)	**Net Service Expenditure**
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Physical Support, Sensory Support and Support for Memory & Cognition														
50,917	Residential & Nursing	3,579	394	111	373	70,021	-	**74,478**	-	(2,548)	(18,269)	-	**(20,817)**	101	**53,762**
5,555	Supported & Other Accommodation	-	-	-	-	5,727	-	**5,727**	-	-	-	-	**-**	-	**5,727**
24,640	Home Care	5,649	-	335	79	20,226	-	**26,289**	-	(849)	-	-	**(849)**	12	**25,452**
1,468	Day Care	-	110	5	3	1,388	-	**1,506**	-	-	(303)	-	**(303)**	80	**1,283**
16,399	Direct Payments	-	-	-	-	17,140	-	**17,140**	-	-	-	-	**-**	-	**17,140**
(12,057)	Other Services	1,569	20	60	592	2,231	-	**4,472**	(1,010)	(14,083)	(2)	-	**(15,095)**	(719)	**(11,342)**
(9,540)	Fairer Charging *	-	-	-	-	-	-	**-**	-	-	(9,540)	-	**(9,540)**	-	**(9,540)**
483	Meals in the Community	-	-	-	-	-	-	**-**	-	-	-	-	**-**	-	**-**
77,865	**Subtotal**	**10,797**	**524**	**511**	**1,047**	**116,733**	**-**	**129,612**	**(1,010)**	**(17,480)**	**(28,114)**	**-**	**(46,604)**	**(526)**	**82,482**
	Learning Disability Support														
33,304	Residential & Nursing	1,581	103	13	94	35,435	-	**37,226**	-	-	(2,767)	-	**(2,767)**	26	**34,485**
11,840	Supported & Other Accommodation	1,654	79	28	52	11,068	-	**12,881**	-	(21)	(131)	-	**(152)**	(307)	**12,422**
1,045	Home Care	-	-	-	-	1,205	-	**1,205**	-	-	-	-	**-**	-	**1,205**
3,584	Day Care	1,934	141	33	42	1,615	4	**3,769**	-	(32)	(331)	-	**(363)**	312	**3,718**
6,123	Direct Payments	-	-	-	-	6,896	-	**6,896**	-	-	-	-	**-**	-	**6,896**
1,719	Other Services	1,199	1	68	88	784	-	**2,140**	(153)	(58)	(64)	-	**(275)**	6	**1,871**
(1,313)	Fairer Charging *	-	-	-	-	-	-	**-**	-	-	(1,313)	-	**(1,313)**	-	**(1,313)**
56,302	**Subtotal**	**6,368**	**324**	**142**	**276**	**57,003**	**4**	**64,117**	**(153)**	**(111)**	**(4,606)**	**-**	**(4,870)**	**37**	**59,284**
	Mental Health Support														
2,894	Residential & Nursing	-	-	-	-	3,637	-	**3,637**	-	-	(522)	-	**(522)**	-	**3,115**
2,405	Supported & Other	-	-	-	-	2,430	-	**2,430**	-	-	-	-	**-**	-	**2,430**
343	Home Care	-	-	-	-	370	-	**370**	-	-	-	-	**-**	-	**370**
37	Day Care	44	3	1	6	31	-	**85**	-	(51)	(2)	-	**(53)**	-	**32**
879	Direct Payments	-	-	-	-	953	-	**953**	-	-	-	-	**-**	-	**953**
(4)	Other Services	-	-	-	-	44	-	**44**	(34)	(6)	-	-	**(40)**	-	**4**
(483)	Fairer Charging *	-	-	-	-	-	-	**-**	-	-	(483)	-	**(483)**	-	**(483)**
6,071	**Subtotal**	**44**	**3**	**1**	**6**	**7,465**	**-**	**7,519**	**(34)**	**(57)**	**(1,007)**	**-**	**(1,098)**	**-**	**6,421**

Revenue Budgets - Adult Social Care

2018/19 Rebased Net Budget		Employees	Premises	Transport	Supplies & Services	Transfers & Third Party Payments	Financing & Transfers to Reserves	**Total Expenditure**	Government Grants	Other Grants & Contributions	Fees, Charges & Receipts	Financing & Planned Use of Reserves	**Total Income**	Internal Recharges (exp & inc)	**Net Service Expenditure**
£'000		**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
	Substance Misuse Support														
476	Other Services	-	-	-	-	591	-	**591**	-	(115)	-	-	**(115)**	-	**476**
476	**Subtotal**	**-**	**-**	**-**	**-**	**591**	**-**	**591**	**-**	**(115)**	**-**	**-**	**(115)**	**-**	**476**
	Other Adult Services														
1,405	Other Services	714	5	9	418	4,004	-	**5,150**	-	(3,745)	-	-	**(3,745)**	-	**1,405**
-	AIDS/HIV	-	-	-	-	-	-	**-**	-	-	-	-	**-**	-	**-**
1,405	**Subtotal**	**714**	**5**	**9**	**418**	**4,004**	**-**	**5,150**	**-**	**(3,745)**	**-**	**-**	**(3,745)**	**-**	**1,405**
3,310	**Equipment & Assistive Technology**	-	-	-	4,564	2,662	-	**7,226**	-	(3,343)	(544)	-	**(3,887)**	-	**3,339**
6,981	**Supporting People**	40	13	4	7	5,746	-	**5,810**	-	-	-	-	**-**	1,046	**6,856**
336	**Safer Communities**	286	-	3	5	228	-	**522**	-	(186)	-	-	**(186)**	-	**336**
22,284	**Assessment & Care Management**	23,187	71	378	403	557	-	**24,596**	(54)	(2,023)	(334)	-	**(2,411)**	25	**22,210**
12,167	**Management & Support**	7,501	249	52	158	7,668	-	**15,628**	-	(1,935)	(115)	-	**(2,050)**	89	**13,667**
(21,790)	Improved Better Care Fund and Disabled Facilities Grant	-	-	-	-	-	-	**-**	(25,186)	-	-	-	**(25,186)**	-	**(25,186)**
165,407	**Total**	**48,937**	**1,189**	**1,100**	**6,884**	**202,657**	**4**	**260,771**	**(26,437)**	**(28,995)**	**(34,720)**	**-**	**(90,152)**	**671**	**171,290**

* Fairer Charging is income from clients for non residential/nursing services. This represents contributions towards packages of care that may include a combination of Supported Accommodation, Home Care, Day Care, Direct Payments or Other Services.

		Employees	Premises	Transport	Supplies & Services	Transfers & Third Party Payments	Financing & Transfers to Reserves	Total Expenditure	Government Grants	Other Grants & Contributions	Fees, Charges & Receipts	Financing & Planned Use of Reserves	Total Income	Internal Recharges (exp & inc)	Net Service Expenditure
	ESBT included above	35,779	927	794	4,894	156,115	4	**198,513**	(20,077)	(22,474)	(26,704)	-	**(69,255)**	215	**129,473**

Main changes between years	**£'000**
Rebased Net Budget 2018/19	**165,407**
Growth / Pressures	144
Inflation	5,151
Savings	(730)
Pay Award	1,318
Tfrs between depts	-
Departmental Estimate 2019/20	**171,290**

Revenue Budgets - East Sussex Better Together

2018/19 Rebased Net Budget		Employees	Premises	Transport	Supplies & Services	Transfers & Third Party Payments	Financing & Transfers to Reserves	**Total Expenditure**	Government Grants	Other Grants & Contributions	Fees, Charges & Receipts	Financing & Planned Use of Reserves	**Total Income**	Internal Recharges (exp & inc)	**Net Service Expenditure**
£'000		**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
	Adult Social Care														
	Physical Support, Sensory Support and Support for Memory & Cognition														
38,717	Residential & Nursing	3,067	366	89	333	53,563	-	**57,418**	-	(2,436)	(14,201)	-	**(16,637)**	81	**40,862**
4,423	Supported & Other Accommodation	-	-	-	-	4,545	-	**4,545**	-	-	-	-	**-**	-	**4,545**
18,856	Home Care	4,050	-	227	59	15,661	-	**19,997**	-	(552)	-	-	**(552)**	8	**19,453**
1,112	Day Care	-	97	5	3	1,022	-	**1,127**	-	-	(182)	-	**(182)**	-	**945**
12,097	Direct Payments	-	-	-	-	12,657	-	**12,657**	-	-	-	-	**-**	-	**12,657**
(9,426)	Other Services	1,255	20	48	477	1,755	-	**3,555**	(590)	(11,262)	(2)	-	**(11,854)**	(575)	**(8,874)**
(7,225)	Fairer Charging *	-	-	-	-	-	-	**-**	-	-	(7,225)	-	**(7,225)**	-	**(7,225)**
386	Meals in the Community	-	-	-	-	-	-	**-**	-	-	-	-	**-**	-	**-**
58,940	**Physical Support, Sensory Support and Support for Memory & Cognition**	**8,372**	**483**	**369**	**872**	**89,203**	**-**	**99,299**	**(590)**	**(14,250)**	**(21,610)**	**-**	**(36,450)**	**(486)**	**62,363**
	Learning Disability														
26,986	Residential & Nursing	1,581	103	13	94	28,348	-	**30,139**	-	-	(2,228)	-	**(2,228)**	26	**27,937**
8,731	Supported & Other Accommodation	608	-	17	13	8,853	-	**9,491**	-	(17)	(8)	-	**(25)**	(259)	**9,207**
836	Home Care	-	-	-	-	964	-	**964**	-	-	-	-	**-**	-	**964**
2,485	Day Care	1,269	97	19	23	1,292	4	**2,704**	-	(32)	(211)	-	**(243)**	123	**2,584**
4,898	Direct Payments	-	-	-	-	5,516	-	**5,516**	-	-	-	-	**-**	-	**5,516**
1,297	Other Services	864	1	57	80	627	-	**1,629**	(122)	(46)	(10)	-	**(178)**	5	**1,456**
(1,050)	Fairer Charging *	-	-	-	-	-	-	**-**	-	-	(1,050)	-	**(1,050)**	-	**(1,050)**
44,183	**Learning Disability**	**4,322**	**201**	**106**	**210**	**45,600**	**4**	**50,443**	**(122)**	**(95)**	**(3,507)**	**-**	**(3,724)**	**(105)**	**46,614**
	Mental Health Support														
2,315	Residential & Nursing	-	-	-	-	2,909	-	**2,909**	-	-	(418)	-	**(418)**	-	**2,491**
1,924	Supported & Other Accommodation	-	-	-	-	1,944	-	**1,944**	-	-	-	-	**-**	-	**1,944**
275	Home Care	-	-	-	-	296	-	**296**	-	-	-	-	**-**	-	**296**
30	Day Care	35	2	-	5	25	-	**67**	-	(41)	(2)	-	**(43)**	-	**24**
704	Direct Payments	-	-	-	-	762	-	**762**	-	-	-	-	**-**	-	**762**
(3)	Other Services	-	-	-	-	35	-	**35**	(27)	(5)	-	-	**(32)**	-	**3**
(386)	Fairer Charging *	-	-	-	-	-	-	**-**	-	-	(386)	-	**(386)**	-	**(386)**
4,859	**Mental Health Support**	**35**	**2**	**-**	**5**	**5,971**	**-**	**6,013**	**(27)**	**(46)**	**(806)**	**-**	**(879)**	**-**	**5,134**

Revenue Budgets - East Sussex Better Together

2018/19 Rebased Net Budget		Employees	Premises	Transport	Supplies & Services	Transfers & Third Party Payments	Financing & Transfers to Reserves	**Total Expenditure**	Government Grants	Other Grants & Contributions	Fees, Charges & Receipts	Financing & Planned Use of Reserves	**Total Income**	Internal Recharges (exp & inc)	**Net Service Expenditure**
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Substance Misuse Support														
381	Other Services	-	-	-	-	473	-	**473**	-	(92)	-	-	**(92)**	-	**381**
381	**Substance Misuse Support**	**-**	**-**	**-**	**-**	**473**	**-**	**473**	**-**	**(92)**	**-**	**-**	**(92)**	**-**	**381**
	Other Adult Services														
1,048	Other Services	550	4	7	293	2,778	-	**3,632**	-	(2,584)	-	-	**(2,584)**	-	**1,048**
0	AIDS/HIV	-	-	-	-	-	-	**-**	-	-	-	-	**-**	-	**-**
1,048	**Other Adult Services Total**	**550**	**4**	**7**	**293**	**2,778**	**-**	**3,632**	**-**	**(2,584)**	**-**	**-**	**(2,584)**	**-**	**1,048**
2,390	Equipment & Assistive Technology	-	-	-	3,290	1,941	-	**5,231**	-	(2,390)	(435)	-	**(2,825)**	-	**2,406**
4,817	Supporting People	27	9	3	5	3,964	-	**4,008**	-	-	-	-	**-**	722	**4,730**
0	Safer Communities	-	-	-	-	-	-	**-**	-	-	-	-	**-**	-	**-**
17,662	Assessment & Care Management	18,397	56	274	318	448	-	**19,493**	(43)	(1,682)	(267)	-	**(1,992)**	20	**17,521**
(8,337)	Management & Support	4,076	172	35	(99)	5,737	-	**9,921**	(19,295)	(1,335)	(79)	-	**(20,709)**	64	**(10,724)**
-	Improved Better Care Fund and Disabled Facilities Grant	-	-	-	-	-	-	**-**	-	-	-	-	**-**	-	**-**
125,943	**Total Adult Social Care**	**35,779**	**927**	**794**	**4,894**	**156,115**	**4**	**198,513**	**(20,077)**	**(22,474)**	**(26,704)**	**-**	**(69,255)**	**215**	**129,473**
	Public Health														
3,050	Health Improvement Services	-	-	-	-	2,995	-	**2,995**	-	-	-	-	**-**	-	**2,995**
4,210	Drug & Alcohol Services	-	-	-	-	4,210	-	**4,210**	-	-	-	-	**-**	-	**4,210**
2,871	Sexual Health Services	-	-	-	21	2,815	-	**2,836**	-	-	-	-	**-**	35	**2,871**
6,051	Health Visiting and School Nursing	-	-	-	-	6,051	-	**6,051**	-	-	-	-	**-**	-	**6,051**
537	NHS Health Checks	-	-	-	-	537	-	**537**	-	-	-	-	**-**	-	**537**
(16,719)	Management support and Public Health programmes	1,586	-	18	50	945	-	**2,599**	(18,320)	-	-	(1,122)	**(19,442)**	179	**(16,664)**
-	**Total Public Health**	**1,586**	**-**	**18**	**71**	**17,553**	**-**	**19,228**	**(18,320)**	**-**	**-**	**(1,122)**	**(19,442)**	**214**	**-**
125,943	**Total East Sussex Better Together**	**37,365**	**927**	**812**	**4,965**	**173,668**	**4**	**217,741**	**(38,397)**	**(22,474)**	**(26,704)**	**(1,122)**	**(88,697)**	**429**	**129,473**

Revenue Budgets - Public Health

2018/19 Rebased Net Budget £'000		Employees £'000	Premises £'000	Transport £'000	Supplies & Services £'000	Transfers & Third Party Payments £'000	Financing & Transfers to Reserves £'000	**Total Expenditure** £'000	Government Grants £'000	Other Grants & Contributions £'000	Fees, Charges & Receipts £'000	Financing & Planned Use of Reserves £'000	**Total Income** £'000	Internal Recharges (exp & inc) £'000	**Net Service Expenditure** £'000
3,736	Health Improvement Services	-	-	-	-	4,341	-	**4,341**	-	-	-	-	**-**	-	**4,341**
6,101	Drug & Alcohol Services	-	-	-	-	6,101	-	**6,101**	-	-	-	-	**-**	-	**6,101**
4,160	Sexual Health Services	-	-	-	30	4,080	-	**4,110**	-	-	-	-	**-**	50	**4,160**
8,769	Health Visiting and School Nursing	-	-	-	-	8,769	-	**8,769**	-	-	-	-	**-**	-	**8,769**
778	NHS Health Checks	-	-	-	-	778	-	**778**	-	-	-	-	**-**	-	**778**
(23,544)	Management support and Public Health programmes	2,298	-	25	72	1,370	-	**3,765**	(26,550)	-	-	(1,626)	**(28,176)**	262	**(24,149)**
0	**Total**	**2,298**	**-**	**25**	**102**	**25,439**	**-**	**27,864**	**(26,550)**	**-**	**-**	**(1,626)**	**(28,176)**	**312**	**-**
	ESBT included above	1,586	-	18	71	17,553	-	**19,228**	(18,320)	-	-	(1,122)	**(19,442)**	214	**-**

Main changes between years	**£'000**
Rebased Net Budget 2018/19	**0**
Growth / Pressures	-
Inflation	-
Savings	-
Pay Award	-
Tfrs between depts	-
Other	-
Departmental Estimate 2019/20	**0**

Revenue Budgets - Business Services / Orbis

2018/19 Rebased Net Budget		Employees	Premises	Transport	Supplies & Services	Transfers & Third Party Payments	Financing & Transfers to Reserves	Total Expenditure	Government Grants	Other Grants & Contributions	Fees, Charges & Receipts	Financing & Planned Use of Reserves	Total Income	Internal Recharges (exp & inc)	Net Service Expenditure
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
303	Finance	200	820	24	1,833	10	-	**2,887**	(297)	(2)	(4)	-	**(303)**	(1,408)	**1,176**
2,266	IT & Digital	-	30	1	5,737	-	-	**5,768**	(131)	(1,405)	(31)	(172)	**(1,739)**	(1,060)	**2,969**
(165)	HR & Organisational Development	32	-	1	209	-	6	**248**	(96)	-	(302)	(6)	**(404)**	-	**(156)**
(80)	Procurement	-	-	-	-	-	-	**-**	-	-	-	-	**-**	(80)	**(80)**
5,300	Property	411	10,423	19	11,622	1,873	5	**24,353**	(1,793)	(211)	(8,277)	(737)	**(11,018)**	(8,190)	**5,145**
-	Orbis Transformation	-	-	-	-	278	-	**278**	-	-	-	(278)	**(278)**	-	**-**
14,646	Contribution to Orbis Partnership	-	-	-	14,346	-	-	**14,346**	-	-	-	-	**-**	-	**14,346**
22,270	**Total**	**643**	**11,273**	**45**	**33,747**	**2,161**	**11**	**47,880**	**(2,317)**	**(1,618)**	**(8,614)**	**(1,193)**	**(13,742)**	**(10,738)**	**23,400**

Main changes between years	£'000
Rebased Net Budget 2018/19	**22,270**
Growth / Pressures	297
Inflation	546
Savings	(1,003)
Pay Award	432
Tfrs between depts	858
Other	-
Departmental Estimate 2019/20	**23,400**

Revenue Budgets - Children's Services

2018/19 Rebased Net Budget		Employees	Premises	Transport	Supplies & Services	Transfers & Third Party Payments	Financing & Transfers to Reserves	Total Expenditure	Government Grants	Other Grants & Contributions	Fees, Charges & Receipts	Financing & Planned Use of Reserves	Total Income	Internal Recharges (exp & inc)	Net Service Expenditure
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Early Help & Social Care														
3,436	Children's Centres	3,605	400	80	59	99	-	**4,243**	(302)	(670)	(305)	-	**(1,277)**	25	**2,991**
969	Policy Support & Commissioned Services	1,493	-	8	256	723	-	**2,480**	(1,639)	(29)	-	-	**(1,668)**	184	**996**
2,933	Early Help Keywork Service	3,581	66	99	171	-	-	**3,917**	(422)	(795)	(36)	-	**(1,253)**	(45)	**2,619**
11,752	Locality Social Work & Family Assessment	8,060	-	156	365	3,669	-	**12,250**	-	(202)	-	-	**(202)**	49	**12,097**
23,328	Looked After Children	10,373	148	591	1,252	17,892	-	**30,256**	(1,885)	(405)	(1,798)	(101)	**(4,189)**	104	**26,171**
2,385	Other Children & Families	1,536	63	87	59	2,289	-	**4,034**	(801)	(409)	-	-	**(1,210)**	(223)	**2,601**
528	Youth Justice	1,088	26	36	37	251	-	**1,438**	(630)	(281)	-	-	**(911)**	-	**527**
45,331	**Subtotal**	**29,736**	**703**	**1,057**	**2,199**	**24,923**	**-**	**58,618**	**(5,679)**	**(2,791)**	**(2,139)**	**(101)**	**(10,710)**	**94**	**48,002**
	Education & ISEND														
8,220	ISEND	12,387	85	286	2,183	32,634	-	**47,575**	(37,000)	(116)	(502)	-	**(37,618)**	(751)	**9,206**
380	Other Learning & Schools Effectiveness	214	-	-	521	-	-	**735**	(455)	-	-	-	**(455)**	-	**280**
2,589	Standards & Learning Effectiveness	2,353	-	59	29,258	527	-	**32,197**	(28,669)	(368)	(202)	(63)	**(29,302)**	(259)	**2,636**
11,189	**Subtotal**	**14,954**	**85**	**345**	**31,962**	**33,161**	**-**	**80,507**	**(66,124)**	**(484)**	**(704)**	**(63)**	**(67,375)**	**(1,010)**	**12,122**
-	**Schools**	125,347	10,584	62	9,997	400	-	**146,390**	(171,609)	12,813	-	(200)	**(158,996)**	**12,606**	**-**
	Management & Support														
11,496	Admissions & Transport	415	-	6	34	-	-	**455**	(1,072)	-	(18)	-	**(1,090)**	13,387	**12,752**
34	Music	2,006	75	36	326	-	-	**2,443**	-	(643)	(1,728)	(72)	**(2,443)**	-	**-**
(715)	Management & Support	5,427	27	40	1,435	99	-	**7,028**	(1,863)	(175)	(504)	(147)	**(2,689)**	(983)	**3,356**
1,320	Safeguarding	1,264	-	41	116	2	-	**1,423**	-	(110)	(8)	-	**(118)**	15	**1,320**
12,135	**Subtotal**	**9,112**	**102**	**123**	**1,911**	**101**	**-**	**11,349**	**(2,935)**	**(928)**	**(2,258)**	**(219)**	**(6,340)**	**12,419**	**17,428**
68,655	**Total**	**179,149**	**11,474**	**1,587**	**46,069**	**58,585**	**-**	**296,864**	**(246,347)**	**8,610**	**(5,101)**	**(583)**	**(243,421)**	**24,109**	**77,552**

Main changes between years	£'000
Rebased Net Budget 2018/19	**68,655**
Growth / Pressures	9,122
Inflation	370
Savings	(1,049)
Pay Award	1,333
Tfrs between depts	(879)
Departmental Estimate 2019/20	**77,552**

Revenue Budgets - Communities, Economy & Transport

2018/19 Rebased Net Budget		Employees	Premises	Transport	Supplies & Services	Transfers & Third Party Payments	Financing & Transfers to Reserves	**Total Expenditure**	Government Grants	Other Grants & Contributions	Fees, Charges & Receipts	Financing & Planned Use of Reserves	**Total Income**	Internal Recharges (exp & inc)	**Net Service Expenditure**
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Community Services														
(238)	Registration	1,291	70	34	80	-	-	**1,475**	-	(7)	(1,669)	-	**(1,676)**	-	**(201)**
738	Road Safety	849	6	35	141	-	-	**1,031**	(118)	(92)	(75)	-	**(285)**	(25)	**721**
656	Trading Standards	704	-	13	92	-	-	**809**	-	(8)	(83)	(44)	**(135)**	4	**678**
66	Travellers Sites	196	69	5	31	-	-	**301**	-	(98)	(110)	(24)	**(232)**	3	**72**
207	Emergency Planning	277	-	3	24	-	-	**304**	-	(90)	(1)	-	**(91)**	-	**213**
1,429	**Subtotal**	**3,317**	**145**	**90**	**368**	**-**	**-**	**3,920**	**(118)**	**(295)**	**(1,938)**	**(68)**	**(2,419)**	**(18)**	**1,483**
	Customer & Library Services														
3,861	Libraries	2,702	1,269	40	765	-	3	**4,779**	-	(104)	(350)	(99)	**(553)**	(220)	**4,006**
810	Archives & Record	645	563	3	834	-	-	**2,045**	-	(1,154)	(103)	-	**(1,257)**	3	**791**
195	Customer Care	190	-	1	24	-	-	**215**	-	-	-	(16)	**(16)**	-	**199**
4,866	**Subtotal**	**3,537**	**1,832**	**44**	**1,623**	**-**	**3**	**7,039**	**-**	**(1,258)**	**(453)**	**(115)**	**(1,826)**	**(217)**	**4,996**
	Transport & Operational Services														
9,376	Passenger Services	-	-	-	10,023	-	-	**10,023**	(426)	(169)	(34)	(26)	**(655)**	32	**9,400**
(1)	Home to School and ASC Transport	106	-	12,125	1,262	-	-	**13,493**	(17)	-	(84)	-	**(101)**	(13,392)	**-**
(909)	Parking	732	-	3	2,444	90	884	**4,153**	-	(250)	(5,665)	(332)	**(6,247)**	201	**(1,893)**
27,342	Waste Disposal	372	380	11	44,546	975	-	**46,284**	(2,996)	(13,474)	(1,434)	(100)	**(18,004)**	2	**28,282**
684	Rights of Way/Countryside Management	781	129	41	255	3	-	**1,209**	-	(95)	(407)	-	**(502)**	11	**718**
314	Other Transport & Operational Services	781	5	759	202	-	75	**1,822**	-	-	(385)	(135)	**(520)**	(974)	**328**
36,806	**Subtotal**	**2,772**	**514**	**12,939**	**58,732**	**1,068**	**959**	**76,984**	**(3,439)**	**(13,988)**	**(8,009)**	**(593)**	**(26,029)**	**(14,120)**	**36,835**

Revenue Budgets - Communities, Economy & Transport

2018/19 Rebased Net Budget £'000		Employees £'000	Premises £'000	Transport £'000	Supplies & Services £'000	Transfers & Third Party Payments £'000	Financing & Transfers to Reserves £'000	**Total Expenditure £'000**	Government Grants £'000	Other Grants & Contributions £'000	Fees, Charges & Receipts £'000	Financing & Planned Use of Reserves £'000	**Total Income £'000**	Internal Recharges (exp & inc) £'000	**Net Service Expenditure £'000**
	Highways														
2,838	Contract Management	789	-	9	459	-	850	**2,107**	-	-	-	-	**-**	5	**2,112**
11,095	Contract Costs (fixed & reactive)	-	1,606	-	11,586	-	-	**13,192**	-	-	(2,150)	-	**(2,150)**	-	**11,042**
407	Non Contract Works	-	50	-	248	174	-	**472**	-	(145)	-	-	**(145)**	-	**327**
-	Structures (electricity and swing bridge opening)	-	-	-	-	-	-	**-**	-	-	-	-	**-**	-	**-**
-	Street lighting and signals (electricity)	-	-	-	-	-	-	**-**	-	-	-	-	**-**	-	**-**
-	Other Highways (capital financing)	-	-	-	-	-	-	**-**	-	-	-	-	**-**	-	**-**
14,340	**Subtotal**	**789**	**1,656**	**9**	**12,293**	**174**	**850**	**15,771**	**-**	**(145)**	**(2,150)**	**-**	**(2,295)**	**5**	**13,481**
	Planning & Environment														
266	Environment	313	70	3	75	30	-	**491**	-	-	(223)	(42)	**(265)**	-	**226**
545	Planning	1,319	-	27	242	-	-	**1,588**	(48)	(21)	(877)	(79)	**(1,025)**	11	**574**
-	High Weald	325	24	7	352	-	-	**708**	(294)	(444)	-	(6)	**(744)**	35	**(1)**
811	**Subtotal**	**1,957**	**94**	**37**	**669**	**30**	**-**	**2,787**	**(342)**	**(465)**	**(1,100)**	**(127)**	**(2,034)**	**46**	**799**
909	**Economic Development Skills and Growth**	1,827	41	24	2,202	26	-	**4,120**	(935)	(1,506)	(312)	(188)	**(2,941)**	13	**1,192**
3,045	**Management & Support**	1,479	-	15	1,476	29	-	**2,999**	-	(125)	-	-	**(125)**	(32)	**2,842**
62,206	**Total**	**15,678**	**4,282**	**13,158**	**77,363**	**1,327**	**1,812**	**113,620**	**(4,834)**	**(17,782)**	**(13,962)**	**(1,091)**	**(37,669)**	**(14,323)**	**61,628**

Main changes between years	£'000
Rebased Net Budget 2018/19	**62,206**
Growth / Pressures	279
Inflation	1,077
Savings	(2,349)
Pay Award	415
Tfrs between depts	-
Other	-
Departmental Estimate 2019/20	**61,628**

Revenue Budgets - Governance Services

2018/19 Rebased Net Budget £'000		Employees £'000	Premises £'000	Transport £'000	Supplies & Services £'000	Transfers & Third Party Payments £'000	Financing & Transfers to Reserves £'000	**Total Expenditure £'000**	Government Grants £'000	Other Grants & Contributions £'000	Fees, Charges & Receipts £'000	Financing & Planned Use of Reserves £'000	**Total Income £'000**	Internal Recharges (exp & inc) £'000	**Net Service Expenditure £'000**
2,590	**Corporate Governance**	1,549	3	55	1,084	8	-	**2,699**	-	(27)	(1)	-	**(28)**	(31)	**2,640**
	Corporate Support														
935	Communications	1,034	-	3	52	-	-	**1,089**	(53)	(47)	(14)	-	**(114)**	-	**975**
1,691	Legal	1,752	-	14	78	-	-	**1,844**	-	(5)	(115)	-	**(120)**	-	**1,724**
2,626	**Subtotal**	**2,786**	**-**	**17**	**130**	**-**	**-**	**2,933**	**(53)**	**(52)**	**(129)**	**-**	**(234)**	**-**	**2,699**
	Community Services														
915	Coroners	269	315	4	379	-	-	**967**	-	(11)	-	-	**(11)**	-	**956**
544	Third Sector	69	-	1	86	798	-	**954**	(310)	(99)	-	-	**(409)**	-	**545**
1,459	**Subtotal**	**338**	**315**	**5**	**465**	**798**	**-**	**1,921**	**(310)**	**(110)**	**-**	**-**	**(420)**	**-**	**1,501**
517	**Senior Management & Organisational Development**	197	-	2	327	-	-	**526**	-	-	-	-	**-**	-	**526**
7,192	**Total**	**4,870**	**318**	**79**	**2,006**	**806**	**-**	**8,079**	**(363)**	**(189)**	**(130)**	**-**	**(682)**	**(31)**	**7,366**

Main changes between years	**£'000**
Rebased Net Budget 2018/19	**7,192**
Growth / Pressures	40
Inflation	16
Savings	-
Pay Award	98
Tfrs between depts	20
Other	-
Departmental Estimate 2019/20	**7,366**

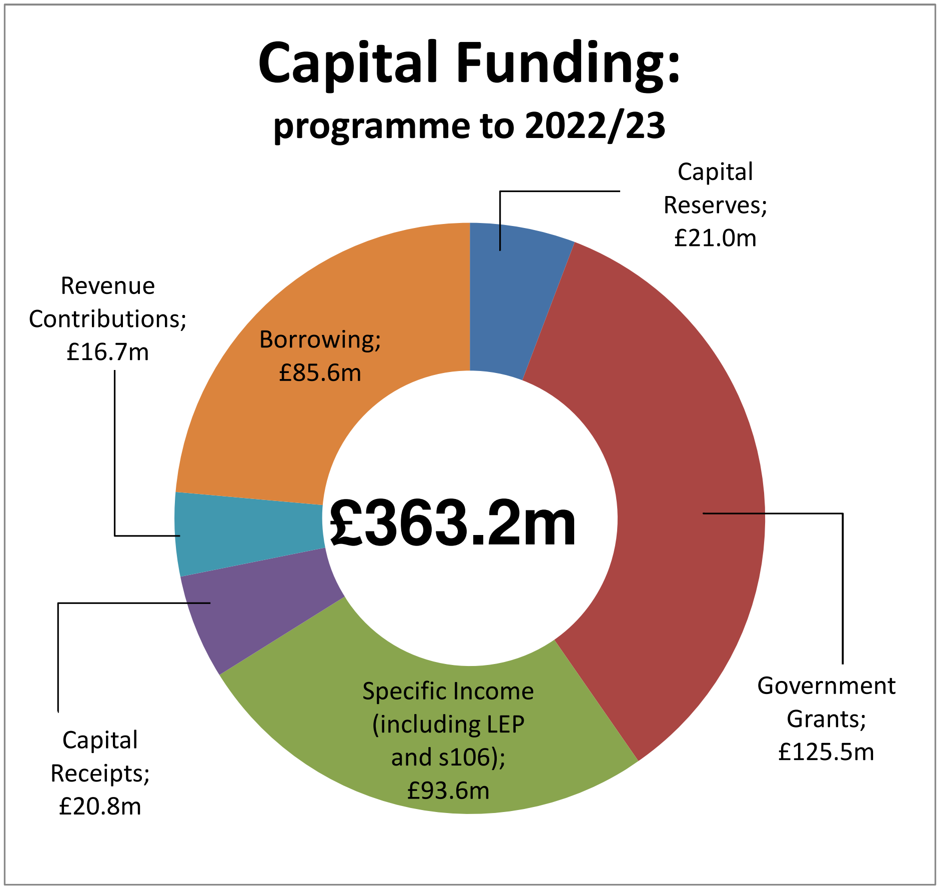
Capital programme to 2022/23

Introduction

The capital programme sets out the Council's investment plans to support its core services in the delivery of the priority outcomes to 2022/23. It includes providing for essential school places, investments in roads and transport infrastructure, enhancing the life of existing assets and ensuring they are fit for purpose, and supporting invest to save schemes.

The proposed programme includes:

- Improvement to roads and transport infrastructure
- Integrated transport schemes;
- Providing necessary school places and school access initiatives, safeguarding and temporary accommodation.
- Capital Building Improvements and energy saving measures;
- Supported accommodation and improvements;
- Essential Libraries work to keep libraries in their current condition and stop them from deteriorating.
- Support of Economic Growth and Strategic Infrastructure investment.



An estimated 35% (£125.5m) will be funded from Government grants, with 26% (£93.6m) funded from scheme-specific income, requiring the remainder (£144.1m) funded locally through borrowing, capital receipts and use of reserves set aside for a specific purpose.

Capital programme - current programme and resources

Capital Programme	Total Budget	Total Previous Years Spend	2018/19	2019/20	2020/21	2021/22	2022/23	Remaining Budget Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Care	10,409	5,774	850	1,212	1,773	400	400	4,635
Business Services	276,990	139,193	29,783	42,678	24,685	19,145	21,506	137,797
Children's Services	15,334	10,307	1,113	1,084	1,061	900	869	5,027
Communities, Economy & Transport	592,096	376,391	60,203	58,133	52,621	24,553	20,195	215,705
Gross Expenditure by Department	**894,829**	**531,665**	**91,949**	**103,107**	**80,140**	**44,998**	**42,970**	**363,164**
Scheme Specific Income	(174,309)	(80,679)	(31,630)	(32,045)	(22,193)	(4,353)	(3,409)	(93,630)
Net Expenditure	**720,520**	**450,986**	**60,319**	**71,062**	**57,947**	**40,645**	**39,561**	**269,534**

Current Funding Assumptions	2018/19	2019/20	2020/21	2021/22	2022/23	Total Resource
	£'000	£'000	£'000	£'000	£'000	£'000
Capital Reserves	10,000	11,000				21,000
Contributions from Revenue Reserves set aside	2,821	1,067				3,888
Non Specific Grants	27,149	36,504	18,016	17,413	26,413	125,495
Capital Receipts	2,622	4,757	4,979	2,845	3,090	18,293
VPN Capital Receipts	620	1,503	399			2,522
Revenue Contributions	4,000				4,000	8,000
New Homes Bonus	1,231					1,231
Payback on Prudential Borrowing	850	850	655			2,355
Community Infrastructre Levy		1,200				1,200
Borrowing	11,026	14,181	33,898	20,387	6,058	85,550
	60,319	**71,062**	**57,947**	**40,645**	**39,561**	**269,534**

Capital programme - Adult Social Care

Adult Social Care	Total Budget £'000	Total Previous Years Spend £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	Remaining Budget Total £'000
Greenacres	2,598	45	750	1,019	784			2,553
LD Service Opportunities	5,092	4,997	95					95
House Adaptations	2,719	732	5	193	989	400	400	1,987
Gross Expenditure	**10,409**	**5,774**	**850**	**1,212**	**1,773**	**400**	**400**	**4,635**
Scheme Specific Income	**(3,398)**	**(1,900)**	**(750)**	**(748)**				**(1,498)**
Net Expenditure	**7,011**	**3,874**	**100**	**464**	**1,773**	**400**	**400**	**3,137**

Capital programme - Business Services

Business Services	Total Budget £'000	Total Previous Years Spend £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	Remaining Budget Total £'000
SALIX Contract	3,868	2,099	369	350	350	350	350	1,769
Property Agile Works	9,713	9,256	20	328	109			457
Early Years Nurseries	2,480	1543	905	32				937
Lansdowne Secure Unit Phase 2	7,600	297	1,400	4,348	1,555			7,303
Universal Infant Free School Meals	1,901	1,891	10					10
Core Programme: Schools Basic Need	135,548	66,857	16,032	26,627	7,919	8,177	9,936	68,691
Core Programme: Capital Building Improvements	82,093	41,308	8,209	6,108	10,180	8,144	8,144	40,785
Core Programme: Libraries Basic Need	2,244	0	366	405	778	169	526	2,244
Core Programme: IT & Digital Strategy Implementation	31,543	15,942	2,472	4,480	3,794	2,305	2550	15,601
Gross Expenditure	**276,990**	**139,193**	**29,783**	**42,678**	**24,685**	**19,145**	**21,506**	**137,797**
Scheme Specific Income	**(30,769)**	**(6,884)**	**(4,988)**	**(8,348)**	**(7,242)**	**(2,077)**	**(1,230)**	**(23,885)**
Net Expenditure	**246,221**	**132,309**	**24,795**	**34,330**	**17,443**	**17,068**	**20,276**	**113,912**

Capital programme - Children's Services

Children's Services	Total Budget	Total Previous Years Spend	2018/19	2019/20	2020/21	2021/22	2022/23	Remaining Budget Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Seven Sisters Canoe Barn	24	22	2					2
Family Contact	188	174	14					14
House Adaptations for Disabled Children's Carers Homes	1,468	763	145	84	196	140	140	705
Schools Delegated Capital	13,304	9,348	852	824	791	760	729	3,956
Conquest Centre redevelopment	350	0	100	176	74			350
								0
Gross Expenditure	**15,334**	**10,307**	**1,113**	**1,084**	**1,061**	**900**	**869**	**5,027**
Scheme Specific Income	**(13,328)**	**(9,370)**	**(854)**	**(824)**	**(791)**	**(760)**	**(729)**	**(3,958)**
Net Expenditure	**2,006**	**937**	**259**	**260**	**270**	**140**	**140**	**1,069**

Capital programme - Communities, Economy & Transport

Communities, Economy & Transport	Total Budget £'000	Total Previous Years Spend £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	Remaining Budget Total £'000
Registration Ceremonies Website	30	8	22					22
Hastings Library	9,503	8,169	335	749	250			1,334
Southover Grange (formerly The Maltings)	1,214	1,209	5					5
Library Refurbishment	1,314	1,306	8					8
Broadband	33,800	20,777	1,985	4,438	4,780		1,820	13,023
Bexhill & Hastings Link Road	126,247	121,335	1,555	1,451	1,733	173		4,912
BHLR Complementary Measures	1,800	1,121	266	248	165			679
Reshaping Uckfield Town Centre	2,500	2,487	13					13
Exceat Bridge Replacement	2,633	91	408	613	1,521			2,542
Economic Growth & Strategic Infrastructure Programme								
Economic Intervention Fund	9,791	5,111	908	807	2,049	916		4,680
Stalled Sites	916	319	100	90	210	150	47	597
EDS Upgrading Empty Commerical Property	500	149	200	91	60			351
EDS Incubation Units	1,000	250	750					750
North Bexhill Access Road	18,600	16,600	2,000					2,000
Queensway Gateway Road	10,000	7,540	2,460					2,460
East Sussex Strategic Growth Package	8,200	3,550	4,650					4,650
A22/A27 Junction Improvement								0

Capital programme - Communities, Economy & Transport

Communities, Economy & Transport	Total Budget £'000	Total Previous Years Spend £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	Remaining Budget Total £'000
Package	1,500		160	340	1,000			1,500
LGF Business Case Development	196	30	166					166
Integrated Transport - LTP plus Externally Funded								
Hastings & Bexhill Movement & Access Package	9,718	345	927	4,998	3,448			9,373
Eastbourne Town Centre Phase 2	3,486		160	1,040	2,286			3,486
Eastbourne/South Wealden Walking & Cycling Package	7,017	2,717	721	1,929	1,650			4,300
Hailsham/Polegate/Eastbourne Movement & Access Corridor	2,350	405	196	1,749				1,945
Other Integrated Transport Schemes	36,240	22,117	2,255	2,698	3,532	2,819	2,819	14,123
Community Match Fund	1,500		103	388	509	250	250	1,500
Terminus Road Improvements	8,250	1,269	5,981	750	250			6,981
Newhaven Port Access Road	23,271	1,317	6,325	8,641	6,988			21,954
Real Time Passenger Information	2,728	2,313	301	67	47			415
Parking Ticket Machine Renewal	1,670		1,042	204	424			1,670
Queensway Depot Development (Formerly Eastern)	1,956	268	100	953	635			1,688
Hailsham HWRS	97			73	24			97
Core Programme: Highways Structural Maintenance	235,743	140,333	23,071	23,067	18,476	17,850	12,946	95,410
Core Programme: Bridge Assessment								

Capital programme - Communities, Economy & Transport

Communities, Economy & Transport	Total Budget £'000	Total Previous Years Spend £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	Remaining Budget Total £'000
Strengthening	13,310	6,880	1,285	1,300	1,300	1,285	1,260	6,430
Core Programme: Street Lighting and Traffic Signals - life expired equipment	10,133	5,622	1,335	1,019	854	680	623	4,511
Core Programme: Rights of Way Surface Repairs and Bridge Replacement Programme	4,883	2,753	410	430	430	430	430	2,130
Gross Expenditure	**592,096**	**376,391**	**60,203**	**58,133**	**52,621**	**24,553**	**20,195**	**215,705**
Scheme Specific Income	**(126,814)**	**(62,525)**	**(25,038)**	**(22,125)**	**(14,160)**	**(1,516)**	**(1,450)**	**(64,289)**
Net Expenditure	**465,282**	**313,866**	**35,165**	**36,008**	**38,461**	**23,037**	**18,745**	**151,416**

Reserve Balances

	Anticipated Balance 1st Apr 2019 £'000	Net planned Movements 2019/20 £'000	Anticipated Balance 31st Mar 2020 £'000	Estimated Balance 31st Mar 2023 £'000
Held on behalf of others or statutorily ringfenced				
Balances held by Schools	10,733	0	10,733	10,733
Extended Schools	1,270	0	1,270	1,270
Schools Supply Teacher Insurance	351	0	351	0
Schools	**12,353**	**0**	**12,353**	**12,002**
Public Health	3,546	(1,626)	1,920	1,920
On Street Car Parking	1,377	36	1,413	1,065
ACRES (Adult College of Rural East Sussex)	362	0	362	362
The Keep - Archive Service	359	0	359	359
High Weald	138	0	138	138
Sussex Air Quality Partnership	32	(27)	5	0
Lewes Athletics Track	9	(9)	(0)	(0)
Subtotal held on behalf of others or statutorily ringfenced	**18,176**	**(1,626)**	**16,550**	**15,846**
Service-Specific Reserves:				
Corporate Waste	12,843	0	12,843	8,603
Capital Programme	11,000	(11,000)	0	0
Insurance Risk	4,318	0	4,318	4,318
Total Named Service Reserves	**28,161**	**(11,000)**	**17,161**	**12,921**
Strategic Reserves:				
Priority Outcomes and Transformation reserve: to fund the transformation programme to change, protect and improve Council services;	7,169	(1,037)	6,132	4,028
Financial Management reserve: to manage the potential financial consequences of risks recognised in the Council's risk management arrangements and the CFO's robustness statement, and to enable the effective management of the medium-term financial strategy and investment strategy.	29,758	2,077	31,835	22,455
Total Strategic Reserves	**36,927**	**1,040**	**37,967**	**26,483**
General Fund	**10,000**	**0**	**10,000**	**10,000**
Total Reserves	**93,264**	**(11,586)**	**81,678**	**65,249**

This table provides a summary of planned movements in and out of the individual reserves over the financial year 2019/20.

Explanation of key terms

Balances
A working balance is needed so that payments can be made before income is received, and as a cushion against unexpected expenditure during the year.

Band D Property
Property band commonly used to specify the average council tax. The band includes property values between £68,001 and £88,000 (as at 1st April 1991).

Budget
An expression mainly in financial terms of the Council's policy for a specified period.

Business Rates
A charge on commercial and industrial buildings fixed by the Government and collected by District and Borough Councils. As of 2013/14 a proportion is retained and shared locally amongst authorities (including Fire & Rescue), rather than going to the Government for redistribution on a national basis. That part of business rates going to Government is redistributed as "Top-Up" grant, where local need is assessed as greater than the share of business rates retained locally. All County Councils are "Top-Up" authorities, receiving only a small share of business rates.

Depreciation
Amounts charged to services revenue for the use of assets/ infrastructure.

Capital Expenditure / Capital Programme
Expenditure on the acquisition of assets, or which adds to rather than maintains the value of existing assets. It is financed mainly from borrowing and charged to the revenue account over a number of years.

Capital Financing
Capital expenditure is financed by loans, Government grants, external contributions (e.g. developers' contributions to specific schemes) contribution from the revenue account, and proceeds from the sale of assets. The revenue budget bears the cost of direct revenue contributions, together with interest and the provision for repayments of these loans.

Capital Receipts
Income received from the sale of capital assets, together with specific contributions, including Government grants, towards capital expenditure.

Contingency
A sum set aside to meet future pay and price rises over and above provision made in departmental budgets.

Council Tax Requirement
This is an amount calculated, in advance of each year, by each billing authority (e.g. Lewes District Council) and by each major precepting authority, (e.g. East Sussex County Council). It is the amount of revenue to be met from Council Tax, and is equivalent to an authority's Band D Council Tax multiplied by its council tax base.

Dedicated Schools Grant (DSG)
A major ring-fenced government specific grant, introduced in 2006/07, which provides funding for schools and schools-related expenditure.

Earmarked Reserves
Reserves which are set aside for specific purposes.

Government Grants
Contributions by central Government towards either the revenue or capital cost of local authority services.

Levies
A contribution which the County Council is required to make towards the costs of Ashdown Forest Conservators, Environment Agency (for flood defence) and Sussex Inshore Fisheries and Conservation Authority.

Net Budget Requirement
The total expenditure (after deduction of income) that the Council can finance from the aggregation of Revenue Support Grant, Business Rates and Council Tax.

New Homes Bonus
A government grant which is aimed at encouraging local authorities to increase the number of homes in their area.

Precept
The income which the Council requires a District or Borough Council to raise on its behalf from Council Tax.

Provisions and Reserves
Provisions are made for liabilities and losses which are likely or certain to be incurred but the amount or dates on which they will arise cannot be determined accurately. Internal reserves are set aside to finance future expenditure for purposes falling outside the definition of provisions.

Revenue Expenditure
Expenditure that the Council incurs on the day-to-day costs of providing services including principally on pay, running costs of buildings, equipment, third party payments and capital financing costs.

Revenue Support Grant (RSG)
Additional funding received from central government, outside that received through the business rates retention scheme.

Slippage
Actual capital payments or income, spent or received in a year different to that planned in the capital programme.

Specific and Special Grants
Grants paid by central Government for specific services and allocated to local authorities according to specific policies criteria.

Supported Borrowing
The level of borrowing that the Government will support via grant towards interest and principal repayments.

Tax Base
All domestic properties are placed in one of eight valuation bands. The council tax base is calculated according to Government regulations to assess, by proportion, the equivalent number of Band D properties. The County's net expenditure is divided by this number to give the council tax levy.

Third Party Payments
Payments made to agencies and contracted service providers, e.g. payments to private sector nursing homes.

Transfer Payments
Money paid by a local authority to an individual specifically to enable them to pay someone else e.g. awards paid to students to enable them to pay fees.

Produced by: Orbis, East Sussex County Council, County Hall, St Anne's Crescent, Lewes, East Sussex BN7 1UE
January 2019

Appendix 3

East Sussex County Council - Proposed Savings 2019/20 to 2021/22

	Proposed Savings			
	2019/20 £'000	**2020/21 £'000**	**2021/22 £'000**	**Total £'000**
Communities, Economy & Transport	2,349	1,462	917	4,728
Children's Services	1,049	2,337	268	3,654
Adult Social Care	730	248	0	978
Business Services / Orbis	1,003	1,161	787	2,951
Total Departments	**5,131**	**5,208**	**1,972**	**12,311**

East Sussex County Council - Proposed Savings 2019/20 to 2021/22		Gross budget *	Net budget *	Proposed Savings				Protected characteristics								
		2018/19	2018/19	2019/20	2020/21	2021/22	Total	Age	Disability	Gender / Transgender	Ethnicity	Marriage / Civil Partnership	Pregnancy /Maternity	Religion / Belief	Sexual Orientation	No significant
Activity	**Savings Proposal and impact Assessment**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**									
Highways																
Highways Maintenance	Budgets for highways related investigations and studies and ESCC highways staff costs to be funded from capital budget.	16,552	14,332	889	0	0	**889**									y
Community Services																
Archives and Records Service	We will not be able to provide the same level of support to customers of The Keep when requesting archive material and we will not provide an educational outreach.	1,042	1,074	32	74	104	**210**	-								
Trading Standards Services	Carry out food sampling and food inspection only where the risk is high; carry out reactive animal health disease control and take enforcement action where necessary. There will be a reduction in our preventative and support work, to business, to people vulnerable to scams and the reduction in routine inspection may increase public health risks.	803	656	0	100	0	**100**	-	-							
Road Safety Services	Reduced road safety education and no engagement with Community Safety Partnerships or Joint Action Groups.	944	720	32	33	0	**65**	-								
Library Services	We will keep our Needs Assessment and Accessibility Analysis under review, and as a result we may in future provide a reduced library service.	4,214	3,595	0	0	528	**528**	-	-	-						
Transport																
Concessionary Travel	Reduce the spend in line with current trends in usage.	7,855	7,837	150	0	0	**150**	-								
Parking: Civil Parking Enforcement	Increase on-street parking charges where possible. Surpluses to be used for transport related funding.	6,134	(910)	1,000	1,000	0	**2,000**									y

East Sussex County Council - Proposed Savings 2019/20 to 2021/22		**Gross budget ***	**Net budget ***	**Proposed Savings**				**Protected characteristics**								
		2018/19	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**Total**	**Age**	**Disability**	**Gender / Transgender**	**Ethnicity**	**Marriage / Civil Partnership**	**Pregnancy /Maternity**	**Religion / Belief**	**Sexual Orientation**	**No significant**
Activity	**Savings Proposal and impact Assessment**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**									
Transport Hub Services	Reduced staffing capacity may result in a reduction in the overall level of service in the Transport Hub. This may mean answering public queries and our ability to resolve problems with bus operators and transport providers will be slower. This could increase public dissatisfaction and complaints to the Council.	1,525	594	0	100	0	**100**	-	-							
Rights of Way Services	We will provide a reduced footpath clearance focused on those priority / popular routes resulting in a deterioration in the condition of other paths. Staff reductions may also lead to delays and longer timescales for dealing with requests for Definitive Map modifications and requests for footpath diversions which may result in an increase in public dissatisfaction and complaints to the Council.	1,173	683	0	100	0	**100**		-							
Waste Disposal																
Household Waste Disposal	Ongoing review of commercial saving opportunities.	43,286	26,456	200	0	0	**200**									y
Household Waste Disposal	Possible reduction in the number of HWRCs.	1,144	884	0	0	250	**250**									y
Planning and Environment																
Environmental Advice Services	Income generation through traded services.	1,631	420	15	25	35	**75**									y
Ashdown Forest	Reduce financial support to conservators where possible.	131	61	31	30	0	**61**									y
TOTAL Communities, Economy & Transport				**2,349**	**1,462**	**917**	**4,728**									

* Budgets shown reflect the areas against which savings have been proposed.

East Sussex County Council - Proposed Savings 2019/20 to 2021/22		Gross budget *	Net budget *	Proposed Savings				Protected characteristics								
		2018/19	2018/19	2019/20	2020/21	2021/22	Total	Age	Disability	Gender / Transgender	Ethnicity	Marriage / Civil Partnership	Pregnancy /Maternity	Religion / Belief	Sexual Orientation	No significant relevance
Activity	**Savings Proposal and impact Assessment**	£'000	£'000	£'000	£'000	£'000	£'000									
Support to schools and pupils																
Schools Learning and Effectiveness Service (SLES): promote high standards	Reduce the support provided to prevent failure in schools causing concern. Limited support only for schools that have failed in terms of performance, leadership and governance or financial matters. Significantly reduce the support to develop school partnerships or move to academy status. This could mean pupil attainment will not improve and may decline.	911	172	124	7	0	**131**	-	-							
SLES: Performance monitoring	Reduce staffing and management capacity for performance monitoring across maintained and academy schools, only light touch monitoring where risk of serious failure has been brought to attention of LA. This could reduce-the proportion of good or outstanding schools.	3,993	2,112	725	403	0	**1,128**	-								
SLES: Clerking Service	Remove the clerking service. This will mean schools will need to recruit, train and pay for their clerking service.	1,523	165	158	0	0	**158**									y
I-Send: EHCP Assessment Services	Reduced staffing capacity may mean the process for completing statutory assessments will be slower. This could increase parental dissatisfaction and complaints to the Council and LGO. We will reduce the number of high cost placements that we challenge at tribunals and significantly reduce the proportion of annual reviews we attend.	28,597	862	0	188	0	**188**	-	-							
I-Send: Inclusion Services	From 2020/21 statutory duties in relation to attendance will be met wholly through DSG. This will reduce the number of families we work with to improve attendance and may lead to an increase in pupil absence from schools.	9,364	1,061	0	19	0	**19**	-	-							
Early Years: Inclusion Services	No support to schools and early years providers to promote inclusion and share best practice. This may increase the proportion of pupils who are referred for statutory assessment, it may increase the proportion of pupils with EHCPs. We will need to continue to monitor the long term spend in SEN budget as the decisions made could have an impact throughout pupils' education.	27,746	326	0	85	0	**85**	-	-							
Home to School Transport	Further reduction in funding provided to colleges to support disadvantaged pupils attending college and reduction in Independent Travel Training spend.	12,115	11,551	42	0	0	**42**	-	-							

East Sussex County Council - Proposed Savings 2019/20 to 2021/22		Gross budget * 2018/19	Net budget * 2018/19	Proposed Savings 2019/20	Proposed Savings 2020/21	Proposed Savings 2021/22	Proposed Savings Total	Protected characteristics: Age	Disability	Gender / Transgender	Ethnicity	Marriage / Civil Partnership	Pregnancy /Maternity	Religion / Belief	Sexual Orientation	No significant relevance
Activity	**Savings Proposal and impact Assessment**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**									
Children's Social Care																
Safeguarding Services	We will no longer be offering some additional training and preventative services that social workers can currently access to work with children and families – this will include stopping Family Group Conferences (family meetings) when children are subject to Child Protection Plans, the ACT service which is an assertive outreach service for young people aged 16-24 who are at risk of or being exploited criminally, the problem solving team which supports the Family Drug and Alcohol Court and Video Interactive Guidance which helps parents who are already in difficulty learn how to respond better to their children. In addition some activity will be reduced including assessment of families who are going through court proceedings and the Foundations Project which works with families who have already had children removed from their care. The impact of these reductions is likely to mean that more children may become subject to Child Protection Plans or enter or stay longer in the care system.	44,026	38,105	0	586	268	**854**	-								
Early Help	A review is underway which will be the subject of consultation, but is it likely to result in working with fewer families and focussing our support to those families most at risk of social care intervention and the problems that are most likely to lead to crisis (mental health, substance misuse and domestic violence).	9,592	5,652	0	1,049	0	**1,049**	-		-	-		-			
TOTAL Children's Services				**1,049**	**2,337**	**268**	**3,654**									

* Budgets shown reflect the areas against which savings have been proposed.

East Sussex County Council - Proposed Savings 2019/20 to 2021/22		Gross budget *	Net budget *	Proposed Savings				Protected characteristics								
		2018/19	2018/19	2019/20	2020/21	2021/22	Total									
Activity	**Savings Proposal and impact Assessment**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**Age**	**Disability**	**Gender / Transgender**	**Ethnicity**	**Marriage / Civil**	**Pregnancy /Maternity**	**Religion / Belief**	**Sexual Orientation**	**No significant relevance**
Working Age Adults: Nursing, Residential and Community Based services	Review care packages to ensure these are focused on those with Care Act eligible needs and deliver support in the most cost effective way. The average spend on Working Age Adults is significantly higher in East Sussex than in other south east councils. The intention is to deliver an overall level of support which is fair, reflects need and achieves a level of spend comparable to other councils. Any decisions to change care arrangements will be dependent on reviews that take account of a clients individual circumstances. Some clients may however have their support reduced or removed.	62,332	49,031	247	248	0	**495**	-	-	+/-	+/-	+/-	+/-	+/-	+/-	
Meals in the Community	The proposal is to withdraw the subsidy that support clients to pay for their meals. Clients would now pay the full cost of this service. A range of options are available within the market to ensure that vulnerable adults can access good quality, nutritious meals. Clients would continue to be signposted and supported to access these services.	483	483	483	0	0	**483**	-	-	+/-	+/-	+/-	+/-	+/-	+/-	
TOTAL Adult Social Care				**730**	**248**	**0**	**978**									

* Budgets shown reflect the areas against which savings have been proposed.

East Sussex County Council - Proposed Savings 2019/20 to 2021/22		Gross budget	Net budget	Proposed Savings				Protected characteristics								
		2018/19	2018/19	2019/20	2020/21	2021/22	Total	Age	Disability	Gender / Transgender	Ethnicity	Marriage / Civil Partnership	Pregnancy /Maternity	Religion / Belief	Sexual Orientation	No significant relevance
Activity	**Savings Proposal and impact Assessment**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**									
Business Services: Orbis and Managed on Behalf of (MOBO) services: Finance, IT&D, Procurement, Property Services, HR and OD and Business Operations	The Advisory and Change areas of support are being analysed and presented to the 3 partner Councils to determine which elements need to form part of the Core Offer as they are essential in supporting the partners deliver their priorities, and which elements will no longer be provided. The aim would be to reduce spending as set out in this table although the details of how this might be achieved is still being developed.	47,534	22,270	1,003	1,161	787	**2,951**									y
TOTAL Business Services / Orbis				**1,003**	**1,161**	**787**	**2,951**									

Appendix 3 - Savings

Summary of Equality Impact Assessment for RPP&R 2019/20

Equalities Implications

Following the introduction of the Equality Act 2010 ('the EA') a public authority must, in the exercise of its functions, have due regard to the need to –

(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the EA;
(b) advance equality of opportunity between persons who share a relevant protected characteristic (as defined by the EA) and persons who do not share it;
(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The protected characteristics set out in the EA are as follows:

- Age
- Disability
- Gender Reassignment
- Pregnancy/ maternity
- Race
- Religion or Belief
- Sex
- Sexual Orientation
- Marriage and civil partnership are also protected characteristics for the purposes of the duty to eliminate discrimination.

Prior to making a decision as to which savings proposals should be agreed in the budget, Members must have due regard to the Equality Duty contained in Section 149 of the EA.

Having "due regard" does not necessarily require the achievement of all the aims set out in section 149 of the EA. Instead it requires that Members' understand the consequences of the decision for those with the relevant protected characteristics and consider these alongside other relevant factors when making the decision to pursue one course of action rather than another, alternative, course of action that may have different consequences. The regard which is necessary will depend upon the circumstances of the decision in question, and should be proportionate. Even though not all decisions will be made about which saving proposals to pursue at this stage it is necessary for the Council to begin to understand the potential impacts.

This means that in setting the Budget, the three equality aims set out above must be considered as a relevant factor alongside financial constraints and all other relevant considerations. Members' must have in mind the equalities impacts, and in particular the negative impacts, that agreeing savings will have for those with protected characteristics. Despite maximising efficiency and exploiting new ways of working, the business planning process for 2018/19 and beyond requires difficult choices to be made both within and between portfolios and services.

Council Plan 2019/20

Contents

Introduction

This Council Plan sets out our ambitions and what we plan to achieve by 2022 for each of our four overarching priority outcomes: driving sustainable economic growth; keeping vulnerable people safe; helping people help themselves; and making best use of resources.

The Council provides services used by all residents in East Sussex, including providing care and support to children, families and the elderly; maintaining the roads and providing library services; and working to boost the local economy. We have a long term track record for delivery, producing excellent results for the public.

The Council's resources have reduced in real terms since 2010; a period when demand for services, particularly social care and health services, has grown significantly; and we expect this to continue. Grants from Central Government have reduced, meaning we are largely dependent on local council tax and business rates, but these bear little relationship to services we provide for the young and elderly. Many people live in East Sussex and commute to work in businesses elsewhere or retire here having made their main tax contributions where they worked through income tax and national insurance. As resourcing of local government does not reflect these realities, we must adjust our services to match the funds we do have. We have been democratic, open and honest in determining the best quality services we can provide, within the resources available, and set this out in our Core Offer. We consider this to be the realistic level of service we must provide, to both fulfil our statutory duties, but also meet local need. In doing this we have based our decisions on local evidence of need and what works and makes a difference locally.

We do not work in isolation, so we will work with all our partners to make sure there is a shared view of priorities and that we make the most of opportunities and resources available in East Sussex. We lobby hard to protect and promote the interests of East Sussex.

We have set a number of delivery outcomes under each overarching priority outcome. These shape the Council Plan performance measures and targets that are the main tool we use to assess our progress. We also keep track of a wide range of related key data evidencing local need in East Sussex. These help us assess our impact more fully and respond appropriately when we need to do so. We review this data when making our plans and publish them with our State of the County report each year. A selection of this information is provided throughout the plan and listed in more detail at the end.

Keith Glazier
Leader

Becky Shaw
Chief Executive

Children's Takeover Day at County Hall

Young people visiting a local employer to gain work experience

April 2019

Our priorities and delivery outcomes

The Priority Outcomes

The Council has four overarching priority outcomes: driving sustainable economic growth; keeping vulnerable people safe; helping people help themselves; and making best use of resources. Making best use of resources is the gateway priority through which any activity and accompanying resources must pass. The remaining three priority outcomes guide our activities, direct our resources and are reflected in our Council Plan activities and targets. As resources tighten, we will need to have an ever sharper focus on these priority areas, define clearly the outcomes we wish to achieve, and monitor our success in delivering these outcomes for the county's residents, communities and businesses.

Making best use of resources - delivery outcomes

- Applying strategic commissioning to ensure that resources are directed to meet local need
- Working as One Council, both through the processes we use and how we work across services
- Working in partnership to ensure that all publicly available resources are used to deliver maximum benefits to local people
- Ensuring we achieve value for money in the services we commission and provide
- Maximising the funding available through bidding for funding and lobbying for the best deal for East Sussex

Driving sustainable economic growth - delivery outcomes

- Employment and productivity rates are high throughout the county
- Individuals, communities and business thrive in East Sussex with the environment and infrastructure to meet their needs
- The workforce has and maintains the skills needed for good quality employment
- All children progress well from early years to school leaver and into education, training and employment

Keeping vulnerable people safe - delivery outcomes

- All vulnerable people in East Sussex are known to relevant local agencies and services are delivered together to meet their needs
- People feel safe at home
- People feel safe with support services

Helping people help themselves - delivery outcomes

- Commissioners and providers from all sectors put people first when providing services and information to help them meet their needs
- The most vulnerable adults get the support they need to maintain their independence and this is provided at or close to home
- Individuals and communities are supported and encouraged to be responsible, help others and make the most of community capacity and assets

Priority overview

A thriving economy in East Sussex is key to the wellbeing of the county. Ensuring that local people have access to well-paid employment will have positive impacts on the health and education outcomes of our young people, and will mean that they are less dependent on shrinking public sector resources. Growing a sustainable economy will increase the resources we can raise locally to provide the services needed by the most vulnerable people in our society, which is becoming increasingly important as central Government funding reduces and is replaced with local funding.

Employment and productivity rates are high throughout the county

The county is an economy of small businesses with great potential for growth. We provide programmes that support small businesses with grants and loans to help them thrive.

As a body with significant spending power in the county we constantly review our procurement processes to ensure they are accessible to local suppliers, maximise the use of local providers in the supply chains, and secure added economic, social and environmental benefits .

In common with all public sector organisations the Council is now paying the Apprenticeship Levy (approximately £1m per year). We have determined a workforce based approach to the levy and have implemented a strategy and action plan to maximise the funds available to the Council through the levy. The Local Government Association (LGA) have recognised the work that the Council's Apprenticeship team have carried out within our maintained schools on uptake of apprenticeships, and have used the Council for case studies to promote good practice for other authorities.

We will support the growth of well paid employment across the county so that local people can afford a mortgage should they wish to own their home.

Businesses are able to thrive in East Sussex and can access the skills and infrastructure they need

Businesses can only thrive if they have the local infrastructure they need and access to the right skills in the local workforce. Our Highways contract with Costain and Jacobs is helping to maintain and improve our roads, while ensuring value for money for the Council. We also coordinate street works and manage parking controls, to help the local transport infrastructure cope with increasing demand. A number of infrastructure projects will begin construction or be delivered in 2019/20, including the Queensway Gateway Road, the Newhaven Port Access Road, and improvements to Terminus Road in Eastbourne.

Our Public Transport Strategic Commissioning Strategy sets out how we prioritise support for bus services to meet local needs, such as transport to schools and key employment locations.

Business in the 21st century also needs modern digital support. Our e-Sussex project to rollout faster broadband in previously isolated areas has improved access to services, jobs and education. Over 70,000 premises have been connected to improved broadband speeds during our first and second contracts of work with BT. A third and final phase of works has been agreed with the aim to connect as close to 100% of premises in the county as possible.

We want all local people to have the skills they need to succeed and for businesses to have access to a skilled workforce. Skills East Sussex (SES, the local employment and skills board) will continue to operate, bringing together education suppliers and businesses to make sure people have the skills businesses need to grow. SES has launched a number of projects to match schools and colleges with employers to improve the quality of careers advice; help young people become work ready; and give young people the chance to visit employers in the county.

We will pursue new freedoms that allow us, and our partners, to deliver economic growth whenever there is an opportunity to do so. Together with a number of partner organisations we have launched a shadow Sub-National Transport Body (STB) called Transport for the South East (TfSE) and will develop a Transport Strategy for the South East, which prioritises the strategic road and rail investment required to deliver economic growth in East Sussex and the wider region.

State of the County 2017/18

- Working age residents with a level 4 qualification or above (degrees, HNC, HND etc.), 37.9% (England 38.3%)
- Working age residents with no qualifications or qualified only to NVQ1, 15.6% (England 18.5%)
- Annual gross earnings, median average, £21,916 (England £24,298)
- Working age population in employment, 74.7% (England 75.2%)
- Claimant rate including Job Seeker's Allowance and Universal Credit, 2.0% (England 2.1%)
- New business registrations per 10,000 people over 16, 52.7 (England 75.4)
- New houses built, 1,316, including 226 affordable houses
- Children achieving a good level of development in the Early Years Foundation Stage, 76.5% (England 71.5%)

Take a look at the targets we have set to measure our progress against delivering the aims under this priority on page 14

Examples of planned work 2019/20

- We will continue to make improvements to Terminus Road in Eastbourne as part of a wider scheme to revitalise the town centre
- We will complete our third phase of works with BT to ensure as close to 100% of premises in the county as possible have access to superfast broadband
- We will continue to ensure at least 54% of the money the Council spends is with local companies
- Our Social Value Measurement Charter (SVMC) will continue to boost the level of social value secured from Council procured contracts

Some of the completed works in Terminus Road

Thriving East Sussex economic growth sectors

Our East Sussex Growth Strategy sets out our plans to support and improve the local economy. Team East Sussex (TES), our locally federated board to the South East Local Enterprise Partnership, will continue work to create new jobs, homes, and commercial spaces in the county.

We will build on the county's economic strengths and unique characteristics to drive economic growth in sectors with the most potential to grow and provide employment. We will build on the areas where the county already performs strongly, such as culture and tourism, and look to the future to attract and retain new businesses that will provide the jobs of tomorrow.

Locate East Sussex will continue to support business looking to move into East Sussex, expand or access funding. We will also provide further grants and loans to businesses through East Sussex Invest 5.

All children progress well from early years to school leaver and into education, training or employment

We want every child to do well from their earliest years until they enter employment. Working with schools, colleges and early years providers, we will target our limited resources to assist them in improving educational outcomes for all pupils in the county. In line with the Core Offer we will operate a light-touch monitoring of performance of maintained schools and use our best endeavours to intervene when a school is at high risk of failure. We want to ensure the gap between the most disadvantaged pupils and the rest is kept as small as possible and where possible closes and we aim to improve the outcomes of vulnerable pupils. Notable progress has been made in educational attainment, particularly with our younger children but this is not consistent across all ages and groups of pupils. We will target our work with schools to increase the number of pupils making good levels of progress each year.

The Hastings Opportunity Area is working with local businesses, schools, colleges and nurseries to improve the education and employment prospects of young people in the town.

Educational attainment is negatively affected by poor rates of attendance. Across East Sussex, our pupils have lower rates of attendance and higher exclusion than their peers nationally. However there has been a significant reduction in exclusions in Hastings primary schools. We will continue to focus on working with schools to improve the engagement of some families so that they ensure their children are in school. We will continue to work closely with schools, Behaviour and Attendance Partnerships, and Education Improvement Partnerships (EIPs) to identify ways in which they can help bring about improvements in attendance and a reduction in exclusions.

We will work with our partners, within our resources, to promote post 16 participation, in education or employment with training until they are 18, including provision and support for young people with learning difficulties/disabilities. We will work with internal and external partners to prepare young people for work, and to improve their employability and skills.

Our Excellence for All strategy 2017 – 2019, sets out our vision for every early years setting, school and college to be judged good or better and every pupil supported to prosper and achieve.

State of the County 2017/18

- Average Attainment 8 score per pupil state funded secondary schools 45.1 (England 46.5)
- Average Progress 8 score for state funded secondary schools -0.02 (England -0.02)
- Percentage of pupils reaching the expected standard at key stage 2 in reading, writing and mathematics 64% (England 64%)
- Percentage of pupils who achieved a 9-5 pass in English and maths GCSEs 41.2% (England 43.2%)
- Proportion of Looked After Children who achieve a 9-5 pass in English and maths GCSEs, 9.5% (England 7.4%)
- Average point score (APS) per entry for level 3 exams including A levels, 30.76 (England 31.59)
- Attainment of A level students average point score (APS) per entry, best 3, 28.02% (England 32.19%)
- Attainment of A level students achieving grades AAB or better at A level, of which at least two are in facilitation subjects, 8.5% (England 13.4%)

Priority overview

Ensuring vulnerable children and adults are safe is one of our key priorities and responsibilities to the community.

There will always be children and adults who cannot be looked after at home by their families. Where it is clear this is the case for children, we will intervene early and find permanent or long-term placements for them through fostering or adoption where appropriate. We will also ensure that vulnerable adults are safeguarded whether they are looked after at home or somewhere else.

The East Sussex Youth Cabinet's 'Top Ten Tips' guide helps schools promote positive mental health amongst young people

All vulnerable people in East Sussex are known to relevant local agencies and services are delivered together to meet their needs

One of our key objectives is that there is an effective multi-agency early help and child protection system, which ensures that children and young people who are, or are likely to be, at risk of harm are identified, supported and protected. This is part of a wider multi-agency safeguarding system, underpinned by strong statutory multi-agency governance and scrutiny by the East Sussex Safeguarding Children Board.

We may reduce the training and preventative services that social workers can use to work with children and families. Though not a statutory responsibility, these services are important contributors to preventing children requiring a child protection plan or being taken into care.

For Looked After Children, we will be ambitious so that they can achieve their best and we will continue with effective placement planning to ensure that the right child is cared for, in the right place, for the right amount of time and at the most appropriate cost.

The East Sussex Safeguarding Adults Board (SAB) oversees the work undertaken towards the prevention of abuse, the SAB's areas of focus include:

- Ensuring the SAB provides strategic leadership to embed the principles of safeguarding across agencies and contributes to the prevention of abuse and neglect.
- Establishing robust feedback mechanisms on safeguarding policies and procedures.
- Making safeguarding personal, making sure adults are involved and consulted in the process of helping them to stay safe and agreeing goals to achieve.
- Ensuring learning from reviews is effectively embedded into practice to facilitate organisational change across agencies.

SAB East Sussex Safeguarding Adults Board

- Ensuring the workforce is equipped to support adults appropriately where abuse and neglect are suspected.

Work continues with NHS partners to transform health and care services in the County. We need to deliver efficiencies and develop an integrated health and social care system so that we use our combined annual budgets to achieve the best possible services for local people.

East Sussex is covered by three Clinical Commissioning Groups (CCGs): High Weald Lewes Havens (HWLH); Hastings and Rother (H&R); and Eastbourne Hailsham and Seaford (EHS). We have embarked on a transformation programme with all three CCGs.

This transformation programme aims to improve health and wellbeing; enhance the care, quality and experience for local people; and make the best use of our combined resources to ensure sustainable services as part of the wider Sussex and East Surrey Sustainability Transformation Partnership (STP).

Health and Social Care Connect (HSCC) provides the public and professionals with a single point for information, advice and access to community health and social care services. HSCC is available from 8:00am to 10:00pm every single day of the year and ensures that people get access to the right services in the right place without unnecessary delay.

Health & Social Care CONNECT

Keeping vulnerable people safe

Examples of planned work 2019/20

- We will ensure effective targeting of Child Protection Plans
- We will continue to help victims of mass marketing fraud
- We will support people who have been a victim of sexual violence and domestic abuse through the specialist domestic abuse and sexual violence service
- We will support and protect members of the community from rogue traders through our Trading Standards Rapid Action Team

Fostering provides stable homes for vulnerable children

Take a look at the targets we have set to measure our progress against delivering the aims under this priority on page 19

People feel safe at home

We work with partners, including health services, police, ambulance, and fire and rescue services, to ensure people are safeguarded and able to live independently and free from abuse. We will raise awareness of safeguarding issues and enquire into concerns of abuse.

We support the most vulnerable families, helping them to find ways to manage independently and cope with problems so that they can stay together and achieve better outcomes for children and parents.

We will review and reshape the early help offer in line with available resources to identify the best early help services to provide in the future to increase the resilience of families, improve their lives, and manage demand on high cost services. Consideration will be given to working with fewer families and focusing our support on those families most at risk of social care interventions and the problems that are most likely to lead to a crisis. We will target services working with individual families on a whole family basis, with a single keyworker supporting all members of the family and coordinating any additional specialist support required. We will work with partners to help young people develop their resilience.

We work in partnership to reduce crime, anti-social behaviour and domestic abuse and help victims to stay safe from harm. We work with a number of partners to provide support services and raise awareness of domestic abuse across the county.

Our Trading Standards service helps to protect vulnerable people from exploitation such as rogue traders and cold callers. Our Rapid Action Team intervenes to disrupt rogue traders and carries out proactive work in hotspots of doorstep crime to advise and protect residents. We also investigate food fraud, illicit tobacco and counterfeit alcohol to protect people from the increased risks associated with these. These services may need to be reviewed in the coming years, and we may reduce the level of prevention and support work we offer to the residents and businesses of East Sussex.

People feel safe with support services

While we aim to help people stay safe and independent, this is not always possible. There will always be children and young people who cannot be cared for at home and with their families. Where it is clear this is the case for children, we will intervene early and find permanent or long-term, cost effective, placements for them through fostering or adoption where appropriate. Vulnerable adults that cannot cope by themselves need to have support services that are safe and of good quality; we will continue to monitor satisfaction with our commissioned services including through service user evaluations.

State of the County 2017/18

- Looked after children per 10,000 0-17 population, 57 (England 64)
- Children with a Child Protection Plan per 10,000 0-17 population, 52.8 (England 45.3)
- Percentage of children who ceased to be looked after adopted during the year ending 31 March, 20% (England 13%)
- Hospital emergency admissions caused by injuries in children aged 0-14 per 10,000 2015/16, 115.1 (England 101.5)
- Adult Social Care service users who feel safe, 71.5% (England 69.9%)
- People aged 65+ still at home 91 days after discharge from hospital, 90.7% (England 82.9%)
- Suicide rate per 100,000 2015 - 2017, 13.1 (England 9.6%)

Priority overview

Whilst we must keep vulnerable people safe, people prefer and need to be independent. If we can encourage families and communities to work together to build better local communities, meet local need, and support individuals to stay independent, we can meet our objectives of breaking dependency, while reducing demand for services and therefore costs. Helping people to be self-supporting will become increasingly important as the resources available to public services decline.

We put people first when providing services and information to help them meet their needs

One of the best things we can do to support people is to focus very clearly on their needs when designing and providing services and when we make information available so people can help themselves.

Our focus is to provide people with the support they need as early as possible to help them remain healthy and independent. When they need them, our services will be provided by integrated health and care teams, meaning their care will be more efficient and personal, delivered by one system.

Our focus on providing support as early as possible should mean that people don't need health and care services as much. But when they do, we will make sure they can get services quickly, easily and, before they reach crisis point.

We want to ensure that local people receive the right services, in the right place, at the right time. This may mean they access and use services differently. We aim to empower them with the knowledge of how to best use available health and social care services, and how to best get the support they need.

The integrated community health and social care services are implementing a Discharge To Assess process that is designed to avoid unnecessary admissions to acute hospitals and, where an admission is necessary, ensures that people are discharged as soon as is safe and practical back to their own homes, or as close to home as possible.

Locality Link Workers will continue to work across the county, acting as a conduit between statutory services and communities and building links between the community, voluntary services and health and care services. These workers have a detailed understanding of the community and voluntary sector in their area and are ideally placed to work alongside partners to increase the amount of support available in communities, and enable health and care teams to link people with additional support that may be available through the community and voluntary sector.

As part of the Core Offer for Adult Social Care we will provide information and advice for all those seeking care and support; and provide support that reduces the need for social care in the longer term and/or prevents the need for a more expensive service.

We provide online access to information, for children and young people with Special Educational Needs and Disabilities (SEND) and their families, about services and expertise available in the area from a range of local organisations, including providers of education, health and social care. It also gives families the opportunity to feed back about services that are available.

We will continue to promote these schemes to ensure that people are able to quickly find information about a range of support options available in their local area.

People generally prefer to have as much control and choice as possible over the services they receive. Self-directed support offers control to clients and carers over how their care and support is provided.

Inclusion, Special Educational Needs and Disability (ISEND) has an important role to play in supporting pupils who are vulnerable to underachievement to do their very best. The service helps improve the lives and outcomes of pupils with SEND, helping them to achieve their ambitions and become successful adults. We will carry out statutory assessments of children with SEN where there are significant barriers to learning and we will aim to secure the right education provision for those with the greatest need. Due to the financial restrictions facing the Council there may be a reduction in the timeliness of our response to assessments of SEN and we may have to set up fewer annual review meetings, including for post 16 students, which may mean that fewer plans are ceased and costs within plans may increase.

School governors help improve education in their area while also learning new skills and receiving training

State of the County 2017/18

- 4-5 year olds with excess weight, 23.3% (England 22.6%)
- 10-11 year olds with excess weight, 30.3% (England 34.2%)
- Younger adults admitted to residential and nursing care homes per 100,000, 17.7 (England 13.5)
- Adult Social Care service users who find it easy to find information about services, 78.6% (England 73.3%)
- Adult Social Care service users who have as much social contact as they would like, 51.3% (England 46.0%)

The most vulnerable adults get the support they need to maintain their independence and this is provided at or close to home

It is often best if people in need of care and support receive this at home, if possible, with the help of friends and family. We work to ensure that people's homes are safe, providing access to care services, and personal budgets so that people can choose the care and support they need.

Frail adults across East Sussex can receive Technology Enabled Care Services (TECS), to help manage risks and maintain independence at home. TECS includes Telecare, which offers a range of sensors and detectors to meet different needs, such as wearable alert buttons, fall detectors and medication dispensers. The sensors can be monitored 24/7 by a local contact center. Environmental sensors, such as smoke alarms or flood detectors are also linked to the center for automatic alerts. Individuals can also benefit from scheduled live or recorded telephone calls to provide welfare checks or reminders during periods of reablement.

Individuals and communities are supported and encouraged to be responsible, help others and make the most of community capacity and assets

People, families and communities across East Sussex have huge potential to thrive and to support each other. There is a substantial infrastructure of public, voluntary and community sector work across the county that can seek to help local people achieve their ambitions. We work with partners and communities across the county to help local communities thrive and tackle some of the most difficult issues that impact on people's happiness and wellbeing, such as loneliness.

We are working with partners across health, social care, the voluntary and community sector, and others to increase community and personal resilience in East Sussex. We aim to increase volunteering; improve and coordinate support to strengthen communities; and help individuals to improve their own health and well-being and take action to prevent disease and ill health.

As driver error contributes to over 90% of road collisions where people are killed or seriously injured (KSI), we are implementing a £1m project to deliver behaviour change initiatives, alongside our ongoing programme of work to improve the road infrastructure. The programme has identified a number of target groups who are at the greatest risk having a road traffic collision resulting in a KSI casualty and trials of behaviour change initiatives focusing on these groups has begun.

Take a look at the targets we have set to measure our progress against delivering the aims under this priority on page 21

New Support with Confidence recruits are welcomed to the scheme

Examples of planned work 2019/20

- We will support households as part of the government's Troubled Families Programme
- We will increase the number of members of the Support with Confidence scheme, which provides a register of people and organisations that have been vetted and approved by us, so users can be confident in their safety, training and quality

Support with Confidence
EAST SUSSEX COUNTY COUNCIL

- We will continue to offer health checks to those eligible, while encouraging those offered a check to take it up

State of the County 2017/18

- Older people (65+) admitted to residential and nursing care homes per 100,000, 501.2 (England 568.5)
- Older people (65+) offered reablement services following discharge from hospital, 3.0% (England 2.9%)
- People who received short term services where no further request was made for ongoing support, 93.3% (England 77.8%)
- Number of people killed or seriously injured on the roads, 370

Priority overview

This priority underpins all our activities and is a key measure of success for all our priority outcomes. It applies to all the resources available for East Sussex, not only within the Council, but across the public sector, voluntary and community sector and private partners, and within local communities. We will work as a single unified organisation to deliver our priorities; ensuring high quality, streamlined services are commissioned and developed in partnership; working to reduce demand for services and focusing on our residents and communities.

Maximising funding

We will continue to take all available opportunities to raise the distinct funding needs of the Council with Government until we have commitment of fair funding for our services; and to work with partners to press for the best outcomes for the county. In view of the ongoing financial challenge we face, the Council has developed a Core Offer, which sets out the ambitious but realistic level of service we think we must provide to both fulfil our statutory duties and meet local need in the current financial climate. Feedback from our residents, partners and businesses helped develop the Core Offer and we are working with communities to build resilience where the Council can no longer provide services. Due to our funding position, even this Core Offer is unaffordable in the near future so we will use this model to work with our local MPs to press for the Government funding we need to provide the decent services we know are needed by this county.

Strategic commissioning

We will consider the outcomes we are trying to achieve for local people first and then achieve those outcomes in the most effective way possible.

One Council

We will ensure that we work in a unified way so that resources are focused on delivering our priority outcomes. This means minimising the cost of back office services and directing resources to frontline services. We will focus on delivering services close to local people in the most cost effective way possible.

Our People Strategy will help achieve the changes needed over the coming years. The strategy is based on four themes of Leadership and Management; Performance Development and Reward; Employee Engagement and Recognition; and Employee Health, Wellbeing and Inclusion. In conjunction with the People Strategy, a 'Leadership and Management Capability Framework' has been launched which sets out the management and leadership standards expected in support of the Council's priority outcomes and operating principles. Work is currently ongoing with departments to embed this.

Working in partnership

We will work in partnership to ensure that we use all the resources available in the public sector to improve outcomes. We will make the best use of our assets, sharing property, ICT and staff with partners so we work as efficiently as possible, removing duplication and increasing flexibility. We will join with partners to achieve better value through procurement.

Orbis, our partnership with Surrey County Council (SCC) and Brighton & Hove City Council (BHCC) for all Business Services, has allowed us to provide resilient services while achieving savings which are being used to sustain services for residents of all the counties. From April 2018 budgets across all three partners were integrated, and full integration of teams has been achieved in IT&D, Business Operations, Procurement and Property.

In 2016/17 we launched a joint legal service, Orbis Public Law (OPL), with BHCC, SCC and West Sussex County Council. Work is ongoing to design the structure of the integrated service, implementation of the new structure is scheduled for 2019/20.

Value for money

Across all our resources, services and partnerships we will seek to achieve the maximum positive impact to deliver our priority outcomes for people in East Sussex.

We may need to consider further changes to our Waste and Library services to ensure we are providing the best service possible within the resources available.

We have been working to reduce the cost of occupancy of corporate buildings by consolidating our buildings and reducing our spend on energy by 2% each year since 2016/17, and are aiming for the same saving in 2019/20.

Examples of planned work 2019/20

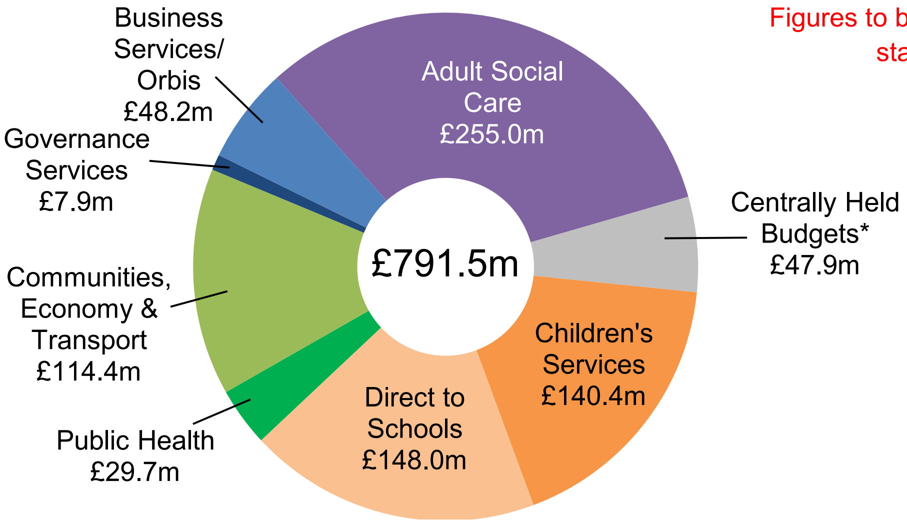
- We will continue to embed the Orbis partnership; making cost savings while providing more effective and efficient services
- We will reduce the cost of the buildings we occupy and the amount of CO_2 produced from Council operations
- We will maintain or reduce the number of working days lost to sickness absence

Take a look at the targets we have set to measure our progress against delivering the aims under this priority on page 24

Revenue budget: gross and net

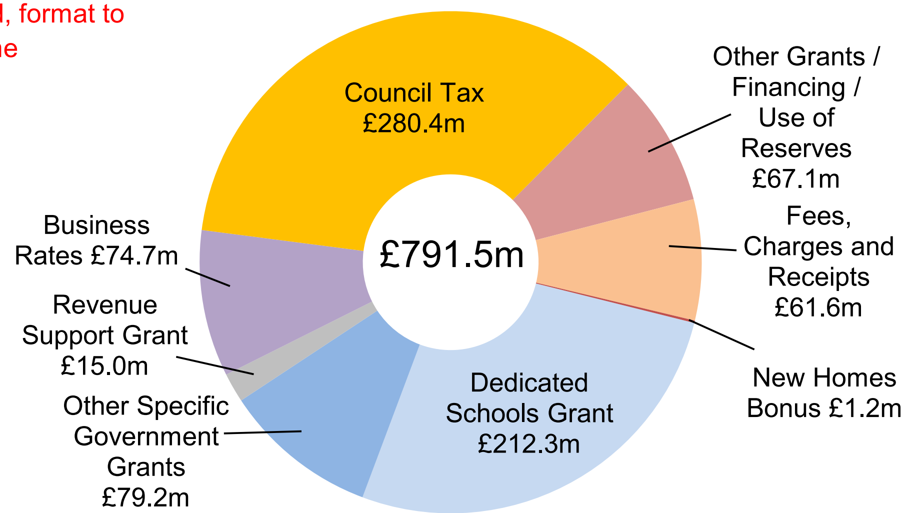
The charts below show how we will spend your revenue budget money in 2019/20, and where the money will come from (gross and net). More information on our revenue budget can be found in our financial budget summary which explains the difference between the gross and net budgets.

How we will spend your money (gross)

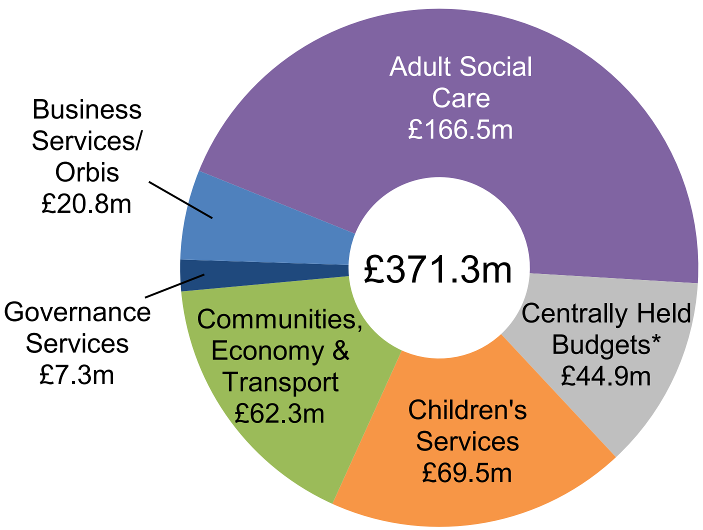


Figures to be updated, format to stay the same

Where the money comes from (gross)

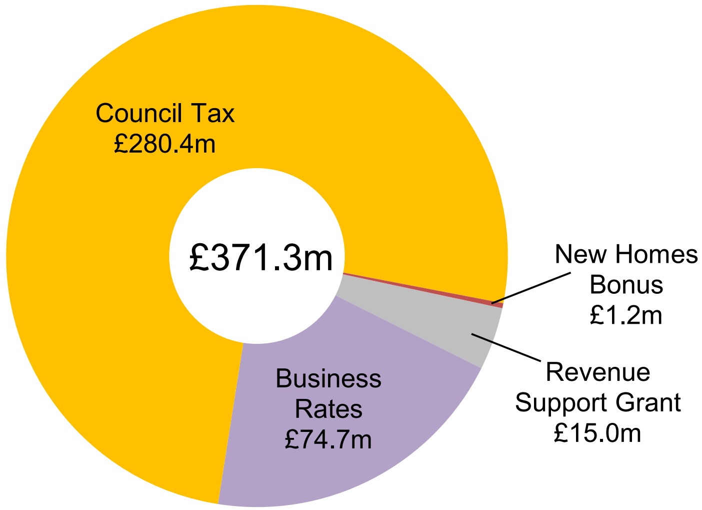


How we will spend your money (net)



*Centrally Held Budgets include Treasury Management and contributions to the Capital Programme

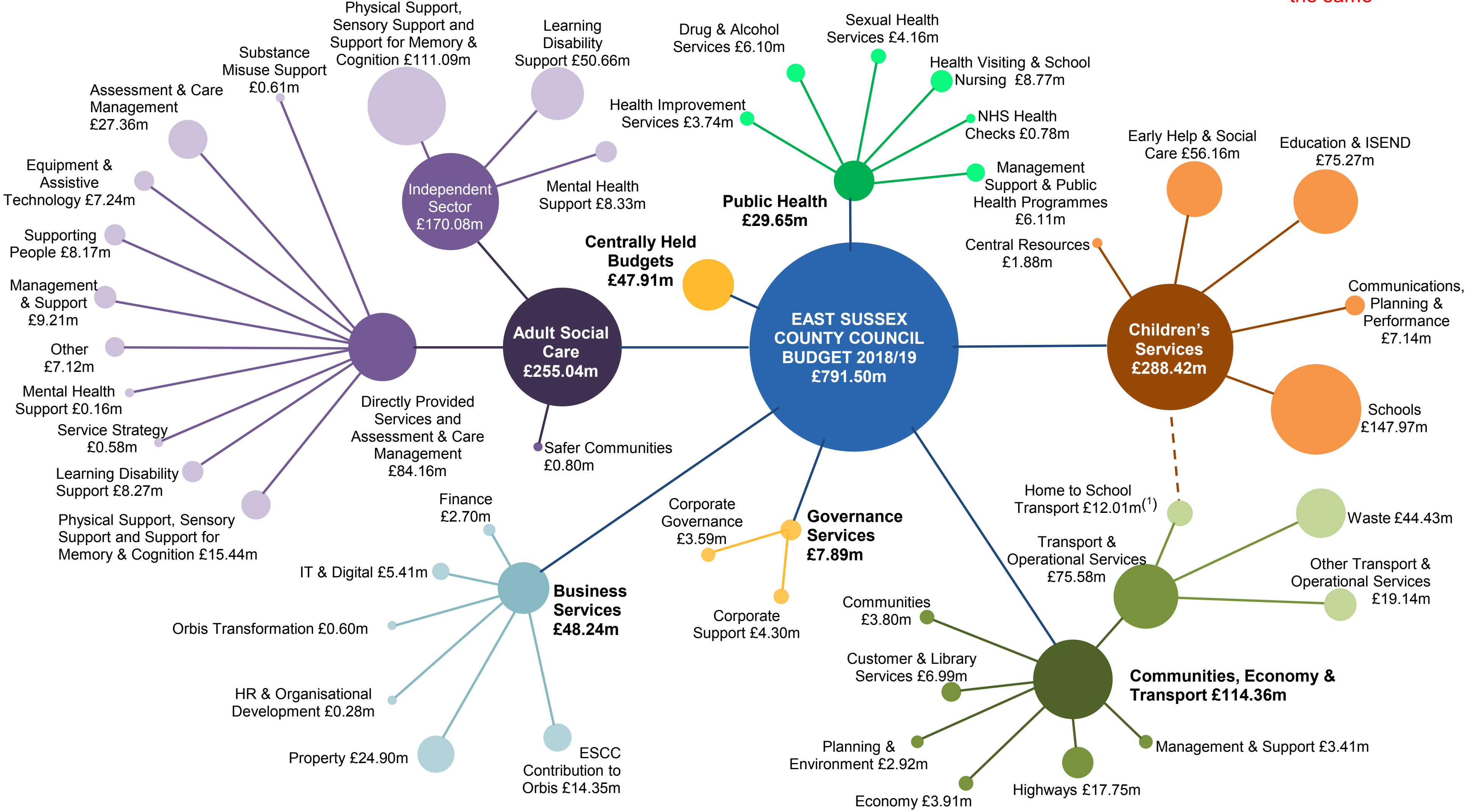
Where the money comes from (net)



Revenue budget

The diagram below is a visual representation of our gross revenue budget for 2019/20. It also shows East Sussex County Council spend inclusive of partnership working where we are the lead authority. More information on our revenue budget can be found in our financial budget

Figures to be updated, format to stay the same



(1) Home to School Transport is administered by Communities, Economy and Transport on behalf of Children's Services.

Totals may differ from sum of components due to rounding

Capital Programme: projects in the year ahead 2019/20

As well as providing services, the Council invests in, and maintains, assets such as roads and buildings. The capital programme supports delivery of the Council's priority outcomes, particularly driving economic growth and keeping vulnerable people safe. Details of the full current capital programme to 2023 are in our financial budget summary. Below are examples of key projects that will be underway in 2019/20 at a cost of £102.4m.

Economic Growth & Strategic Infrastructure £16.1m

- £4.4m to increase the number of premises in the county that can access superfast broadband
- £8.6m to build the Newhaven Port Access Road

Community & Social Care Facilities £6.8m

- £1.0m for the development of Greenacres to provide supported living services for people with learning disabilities and complex challenging behavior
- £4.3m for the development of Lansdowne to provide additional secure accommodation for young people

Highways & Structural Maintenance £27.2m

- Structural maintenance of highways to maintain and improve the road surface

Integrated Transport Services £13.6m

- £2.5m of walking and cycling movements in Eastbourne and South Wealden
- £6.5m of junction improvements in Hastings, Bexhill, Eastbourne, Hailsham and Polegate

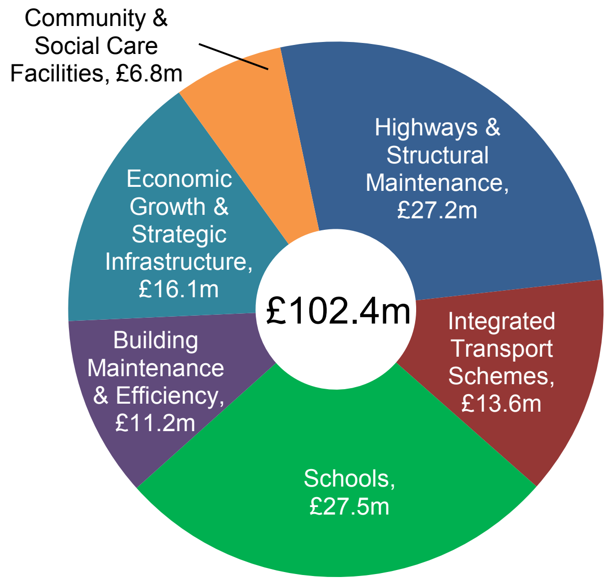
Schools £27.5m

- Primary school pupil numbers in the county are expected to plateau over the next three years and by 2021/22 may have started to decline
- By 2021/22 secondary school pupil numbers are expected to have increased by around 9%
- We are planning to create new school places in Hailsham, Polegate, Willingdon and Newhaven/Peacehaven

Building Maintenance & Efficiency £11.2m

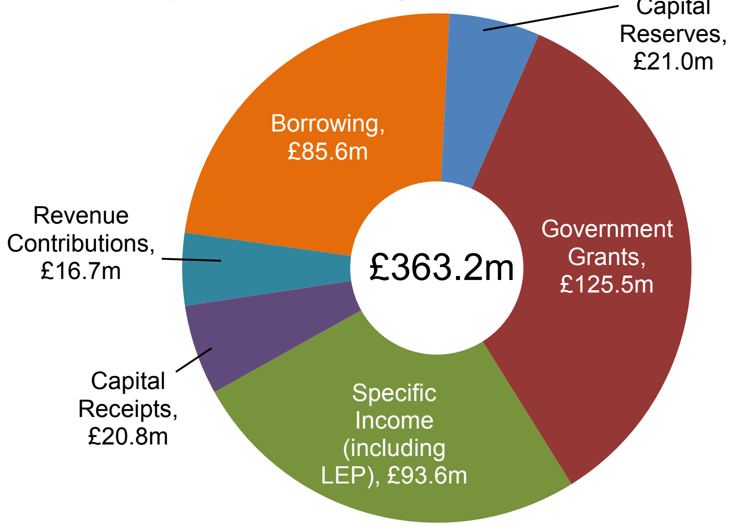
- The Council will invest in improvements to buildings and technology to improve efficiency and reduce CO_2 emissions

Capital Spend 2019/20



Capital Resourcing 2017/18 to 2022/23

Because capital projects may take several years to deliver we need to know how we will fund the full £363.2 million programme. Details of where this money will come from is given below.



Equality impact assessment

All Council Plan targets aim to deliver positive outcomes for the people of East Sussex. We challenge discrimination and encourage respect, understanding and dignity for everyone living, working in or visiting East Sussex. We do this through our influence in the community, strategic planning, employment policies, and service delivery.

Equality impact assessment summary report for Council Plan 2019/20

Date of assessment: TBC

Summary of findings: All Council Plan targets aim to deliver positive outcomes for the people of East Sussex. This equality impact assessment has found that a number of the measures in the Council Plan will have a positive impact upon the lives of groups of people with protected characteristics. There should not be any negative impacts on any equality target groups.

Summary of recommendations and key points of action plan: None.

Groups that this project or service will impact upon:

	Positive	Negative	Neutral
Age	x	-	-
Disability	x	-	-
Ethnicity	x	-	-
Gender/Transgender	x	-	-
Marital Status/Civil Partnership	-	-	x
Pregnancy and Maternity	x	-	-
Religion/Belief	-	-	x
Sexual Orientation	-	-	x
Other (carers, literacy, health, rurality, poverty)	x	-	-

In line with the Equality Act 2010 we no longer publish equality objectives in a separate equality scheme. Instead, equalities data has been taken into consideration when developing performance targets for our Portfolio Plans and this Council Plan.

We will continue to report on our progress in ensuring equality is embedded throughout our work while delivering our priorities. This will form part of our annual report, which will be published in Autumn 2019.

disability confident EMPLOYER

EQUALITY FRAMEWORK FOR LOCAL GOVERNMENT ACHIEVING

More information on equality and diversity can be found on our equality and diversity web page.

Driving sustainable economic growth – performance measures and targets

Performance measure	2018/19 Outturn (Target)	2019/20 Target	2020/21 Target	2021/22 Target	2018 - 2022 Outcome Summary
Work with Seachange Sussex to deliver major transport infrastructure – Queensway Gateway Road	(Complete the first phase of the road)	Commence construction of the second phase of the road	Complete construction of the second phase of the road and monitor impact	No target set project completed	Improved connectivity between Queensway and the A21, improving journey times and reducing congestion on the local network. Enable the development of land for commercial and residential use in North Hastings, supporting economic growth, job creation and the delivery of new homes in the area
Deliver major transport infrastructure – Newhaven Port Access Road	(Commence construction)	Continue construction	Complete construction and monitor impact	Monitor impact	Improved connectivity into Newhaven Port from the strategic road network, supporting the delivery of the Enterprise Zone and unlocking employment land within the Port
Deliver pedestrian improvements in Terminus Road (Eastbourne) using 'Shared Space' concepts to coincide with the opening of the new Arndale Centre	(Continue construction)	Construction complete and monitor impact	Monitor impact	No target set project completed	Pedestrian and Bus improvements to Eastbourne town centre, promoting more sustainable travel choices. The improvements will support the significant private sector investment in the Arndale Centre and reinvigorate the retail and leisure offering in the town centre
Number of additional premises with improved broadband speeds	(7,900 by end Dec 2018 (cumulative total for Contract 2))	To be set June 2019 once deployment plans are set	To be set 2019/20	To be set 2020/21	As close to 100% of premises as possible have access to high speed broadband. Supporting employment, productivity, individuals and communities
Report progress on the level of broadband improvement in the Intervention Area	(Report progress on the level of broadband improvement in the Intervention Area)	Report progress on the level of broadband improvement in the Intervention Area	Report progress on the level of broadband improvement in the Intervention Area	Report progress on the level of broadband improvement in the Intervention Area	

Driving sustainable economic growth – performance measures and targets

Performance measure	2018/19 Outturn (Target)	2019/20 Target	2020/21 Target	2021/22 Target	2018 - 2022 Outcome Summary
Deliver the new Employability and Skills Strategy: East Sussex business sector skills evidence base developed	(Six sector task groups maintained with one key priority action from each group delivered. One new additional sector group established Career pathways infographic to cover six sectors Recruit 15 Industry champions)	Seven sector task groups maintained, with each working to establish a new annual action plan and reporting to Skills East Sussex on actions and achievements	Seven sector task groups maintained, with each working to establish a new annual action plan and reporting to Skills East Sussex on actions and achievements	To be set 2020/21	Training providers are developing a curriculum which is informed by sector skills evidence and our local businesses are actively engaged in supporting training provision in the county, supporting sustainable economic development
Deliver the new Employability and Skills Strategy: East Sussex Careers Hub	New measure 2019/20	Establish a Careers Hub and support schools to achieve an average of 3 national benchmarks Recruit 15 further Industry Champions to support Careers Hub activities	East Sussex Careers Hub to support schools to achieve an average of 4 national benchmarks Recruit 15 further Industry Champions to support Careers Hub activities	To be set 2020/21	Helping our young people and adults become aware of careers opportunities available to them, supporting sustainable economic development
Deliver Culture East Sussex agreed actions to grow Cultural Tourism	(Deliver Tourism South East report recommendations (subject to funding being secured))	Trial the T Stats (Tourism Statistics) monitoring tool with tourism businesses in the Lewes, Eastbourne and Wealden area	To be set 2019/20	To be set 2020/21	Grow the visitor economy by raising the visibility of East Sussex, enhancing perceptions, increasing the number of visitors to the coast, and increasing length of stay and spend
Job creation from East Sussex Programmes	(Support businesses to create 135 jobs)	Support businesses to create 135 jobs	To be set 2019/20	To be set 2020/21	Grow the East Sussex economy and create more jobs by supporting the growth of businesses through capital investment

Driving sustainable economic growth – performance measures and targets

Performance measure	2018/19 Outturn (Target)	2019/20 Target	2020/21 Target	2021/22 Target	2018 - 2022 Outcome Summary
Percentage of Principal roads requiring maintenance	(8%)	8%	8%	8%	Achieve and maintain a good standard of road condition across all road types
Percentage of Non Principal roads requiring maintenance	(9%)	9%	9%	9%	
Percentage of Unclassified roads requiring maintenance	(20%)	20%	20%	20%	
In partnership with funding organisations provide online learning (including skills for life and ICT courses) in libraries (subject to contract)	(250 courses (subject to external funding))	250 courses (subject to external funding)	To be set 2019/20	To be set 2020/21	People have access to free qualifications that support them into, or back into, work and education
The number of businesses and professionals receiving advice and support through training workshops and bespoke advice	(300)	300	To be set 2019/20	To be set 2020/21	Businesses in East Sussex are equipped to thrive, comply with the law, and are supported to "get it right first time"
The Councils Apprenticeship Levy strategy supports the Council's workforce development and training plans	(Establish Baseline)	Ensure apprenticeship training is available (where appropriate Standards exist), which address skills shortages in the Council	To be set 2019/20	To be set 2020/21	Apprenticeships in the Council provide a positive opportunity for staff to develop and grow, enhancing the Council's workforce and career opportunities
The percentage of Council procurement spend with local suppliers	(52%)	54%	54%	54%	Support local businesses and help drive economic growth and employment in the county through our purchasing power
Economic, social and environmental value committed through contracts, as a percentage of our spend with suppliers	(10% of value of annual contracts awarded)	≥10.0% of value of annual contracts awarded	To be set 2019/20	To be set 2020/21	The Social Value Measurement Charter is used to provide robust measures in eligible contracts that commit suppliers to deliver the Council's social value objectives

Driving sustainable economic growth – performance measures and targets

Performance measure	2018/19 Outturn (Target)	2019/20 Target	2020/21 Target	2021/22 Target	2018 - 2022 Outcome Summary
The percentage of eligible 2 year olds who take up a place with an eligible early years provider	(Above national average)	Above national average	In line with national average	In line with national average	All children engage, attain and progress well from early years into education, training and employment
The percentage of pupils achieving a “good level of development” at the Early Years Foundation Stage	(Ac year 2017/18 At or above national average)	Ac year 2018/19 At or above national average	Ac Year 2019/20 At or above national average	Ac Year 2020/21 At or above national average	
Average Progress 8 score for state funded schools	(Ac year 2017/18 At or above national average)	Ac year 2018/19 At or above national average	Ac year 2019/20 At national average	Ac year 2020/21 No more than 0.1 below national average	
The percentage of disadvantaged pupils achieving at least the expected standard in each of reading, writing and maths at Key Stage 2	(Ac year 2017/18 No more than 7 percentage points below national average)	Ac year 2018/19 No more than 4 percentage points below national average	Ac year 2019/20 No more than 5 percentage points below national average	Ac year 2020/21 No more than 7 percentage points below national average	The gap for disadvantaged pupils at all Key Stages is kept as small as possible so that all children attain and progress well from early years into education, training and employment
The average Attainment 8 score for disadvantaged pupils	(Ac year 2017/18 No more than 3 points below national average)	Ac year 2018/19 No more than 4 points below national average	Ac year 2019/20 No more than 5 points below national average	Ac year 2020/21 No more than 6 points below national average	

Driving sustainable economic growth – performance measures and targets

Performance measure	2018/19 Outturn (Target)	2019/20 Target	2020/21 Target	2021/22 Target	2018 - 2022 Outcome Summary
The percentage of young people meeting the duty of RPA (Raising the Participation Age) by either participating in education, training or employment with training or undertaking re-engagement provision at academic age 16 (Year 12)	(93%)	93% (TBC)	93% (TBC)	93% (TBC)	Young people participate in education, training or employment with training until they are at least 18 improving their long term employment and health prospects
The percentage of young people meeting the duty of RPA by either participating in education, training or employment with training or undertaking re-engagement provision at academic age 17 (Year 13)	(86%)	86% (TBC)	86% (TBC)	86% (TBC)	
Average Progress 8 score for Looked After Children (LAC)	(Ac Year 2017/18 0.05 points or less below the national average for LAC)	Ac Year 2018/19 TBC	Ac Year 2019/20 TBC	Ac Year 2020/21 TBC	All children progress well from early years, through compulsory education, into education, training and employment
The percentage of LAC participating in education, training or employment with training at academic age 16 (Year 12)	(80%)	80%	80%	80%	Looked after Children participate in education, training and employment with training until they are at least 18 improving their long term employment and health prospects
The percentage of LAC participating in education, training or employment with training at academic age 17 (Year 13)	(70%)	70%	70%	70%	

Keeping vulnerable people safe – performance measures and targets

Performance measure	2018/19 Outturn (Target)	2019/20 Target	2020/21 Target	2021/22 Target	2018 - 2022 Outcome Summary
National outcome measure: The proportion of people who use services who say that those services have made them feel safe and secure	(≥83.6%)	≥83.6%	≥83.6%	≥83.6%	Services received by adults with long term support also have a positive impact on their safety
Health and Social Care Connect – percentage of referrals triaged and progressed to required services within required timescales	(90%)	90%	90%	90%	Services are provided in a timely manner
Health and Social Care Connect – % of Health and Social Care Connect contacts that are appropriate and effective (i.e. lead to the provision of necessary additional services)	(95%)	95%	95%	95%	Monitor the number of contacts from health professionals that aren't taken any further
Percentage of people affected by domestic violence and abuse who feel safe upon leaving the service	(80%)	80%	80%	80%	Vulnerable people affected by domestic violence feel safe and have the skills they need to improve their wellbeing and their self-esteem
When they leave the service the % of those affected by rape, sexual violence and abuse who have improved coping strategies	(80%)	80%	80%	80%	Protect vulnerable people who have been affected by rape, sexual violence and abuse, and provide them with skills which enable them to be more in control of their lives and more optimistic about the future

Keeping vulnerable people safe – performance measures and targets

Performance measure	2018/19 Outturn (Target)	2019/20 Target	2020/21 Target	2021/22 Target	2018 - 2022 Outcome Summary
Rate of children with a Child Protection Plan (per 10,000 children)	(57.1 (605 children))	TBC June 2019 when 2018/19 outturn available	TBC June 2019 when 2018/19 outturn available	TBC June 2019 when 2018/19 outturn available	Children at risk from significant harm are kept safe
Rate (of 0-17 population) of referrals to children's social care services (per 10,000 children)	(521.4)	521.4 (TBC when new IDACI rate confirmed)	521.4 (TBC when new IDACI rate confirmed)	521.4 (TBC when new IDACI rate confirmed)	
Rate (of 0-17 population) of assessments completed by children's social care services (per 10,000 children)	(496.1)	496.1 (TBC when new IDACI rate confirmed)	496.1 (TBC when new IDACI rate confirmed)	496.1 (TBC when new IDACI rate confirmed)	
Rate of Looked After Children (per 10,000 children)	(59 (625 children))	TBC June 2019 when 2018/19 outturn available	TBC June 2019 when 2018/19 outturn available	TBC June 2019 when 2018/19 outturn available	
Average time between a child entering care and moving in with its adoptive family, for children who have been adopted (days) (Adoption Scorecard)	(Less than or equal to national average)	Less than or equal to national average	Less than or equal to national average	Less than or equal to national average	Children are placed for adoption as quickly as possible in order to achieve permanency
The number of positive interventions for vulnerable people who have become the target of rogue trading or financial abuse	(100)	100	To be set 2019/20	To be set 2020/21	Residents of East Sussex are safe in their own home and protected from criminals. Residents are empowered to feel safe and supported to say "no" to criminals and deter and disrupt criminal activity

Helping people help themselves – performance measures and targets

Performance measure	2018/19 Outturn (Target)	2019/20 Target	2020/21 Target	2021/22 Target	2018 - 2022 Outcome Summary
Road Safety: Implement behaviour change projects to reduce the speeding reoffending rate	(Implement measures to reduce speeding reoffending rate)	20% reduction in reoffending rate (from 2017/18 baseline)	To be set 2019/20	To be set 2020/21	Reduce the number of KSI on East Sussex roads using behavioural change methods and the implementation of infrastructure schemes to improve outcomes for residents, businesses and visitors to East Sussex
Road Safety: Percentage of young male drivers who were aware of the social media campaign who report they changed their behaviour	(15%)	15%	To be set 2019/20	To be set 2020/21	
Road Safety: Implement infrastructure schemes on identified high risk routes to improve road safety	(10 schemes)	10 schemes (subject to funding)	To be set 2019/20	To be set 2020/21	
Number of hospital bed days lost due to delayed transfers from hospital care (Daily average)	(39.8)	39.8	39.8	39.8	There are no unnecessary delayed discharge's from hospital
Number of hospital bed days lost due to delayed transfers from hospital care due to Council social services (Daily average)	(11.5)	11.5	11.5	11.5	
Number of hospital bed days lost due to delayed transfers from hospital care due to local NHS (Daily average)	(24.4)	24.4	24.4	24.4	
National outcome measure: Proportion of working age adults and older people receiving self-directed support	(100%)	100%	100%	100%	Adults are able to take control of the support they receive
National outcome measure: Proportion of working age adults and older people receiving direct payments	(30%)	30%	30%	30%	
Number of carers supported through short-term crisis intervention	(675)	540	To be set 2019/20	To be set 2020/21	Carers are supported when they most need it enabling them to carry on in their caring role

Helping people help themselves – performance measures and targets

Performance measure	2018/19 Outturn (Target)	2019/20 Target	2020/21 Target	2021/22 Target	2018 - 2022 Outcome Summary
Commission new service capacity to achieve diagnostic rate of 67% of the estimated local prevalence of dementia	(67%)	67%	67%	67%	Support is available to those known to have dementia
Number of people receiving support through 'STEPS to stay independent'	(3,500)	2,500	2,500	2,500	Adults can maintain their independence
Enhance the delivery of Technology Enabled Care Services (TECS) more rapidly and more widely across areas including falls; frailty; crisis response; medication management, to avoid hospital admissions or re-admissions	(7,686 people receiving TECS)	7,926 people receiving TECS	8,166 people receiving TECS	To be set 2020/21	
Number of providers registered with Support With Confidence	(217)	10% increase on 2018/19 outturn	10% increase on 2019/20 outturn	10% increase on 2020/21 outturn	Increase the options for people who need support ensuring vulnerable people are given effective reliable support to help maintain their independence
The proportion of people who received short-term services during the year, where no further request was made for ongoing support	(>90%)	>90%	>90%	>90%	Provide effective early intervention to ensure people are given the support they need as quickly as possible, this will also reduce the need for more expensive intensive interventions at a later date ensuring the most effective use of resources
Cumulative percentage of the eligible population who have received an NHS health check since 2015/16 (five year period)	(50%)	50%	50%	50%	People understand their future risk of developing vascular disease and make changes to their lifestyle, or receive additional clinical advice and support to reduce their risk

Helping people help themselves – performance measures and targets

Performance measure	2018/19 Outturn (Target)	2019/20 Target	2020/21 Target	2021/22 Target	2018 - 2022 Outcome Summary
Number of new service user interventions completed as part of the Integrated Lifestyle Service	(5,000)	6,000	7,000	7,000	Support people (particularly those with multiple lifestyle risk factors such as smoking, excessive alcohol consumption, poor diet and low physical activity) to make changes to improve health outcomes and reduce their risk of developing conditions such as diabetes, cancer and heart disease
The number of health and social care staff and voluntary sector organisations trained to deliver brief interventions and advice to promote, encourage and help people make healthier choices as part of the Making Every Contact Count (MECC) initiative	(1,200)	600	600	600	Frontline workers and volunteers across health, care and the wider system have the knowledge, skills and confidence to raise lifestyle issues with the people they are in contact with and provide brief advice or refer into services and support including help with self-care
Percentage of annual SEND review meetings where the child gave their view and/or participated	(85%)	90%	87%	85%	Children and young people with SEND participate in decisions to ensure that their needs are understood, and they are supported to achieve their potential
The proportion of respondents to the feedback surveys who agree that things have changed for the better as a result of getting targeted support from Early Help or Children's Centre Keywork Services	(80%)	80%	80%	80%	The services provided are making a difference to the lives of service users
Number of households eligible under the government's Troubled Families programme receiving a family support intervention	(654 Cumulative: 3,278)	172 Cumulative: 3,450	N/A All applicable families will be engaged by the programme by the end of 2019/20	N/A All applicable families will be engaged by the programme by the end of 2019/20	Families supported by family keywork achieve their goals and the Council is able to maximise payment by results claims

Making best use of resources – performance measures and targets

Performance measure	2018/19 Outturn (Target)	2019/20 Target	2020/21 Target	2021/22 Target	2018 - 2022 Outcome Summary
Number of working days lost per FTE (Full Time Equivalent) employee due to sickness absence in non-school services	(9.24)	9.24	9.24	9.24	To maximise the use of resources and improve staff and customer wellbeing
Develop an asset investment strategy based on a balanced portfolio approach	(Develop a resource model)	Development of feasibility and business cases for a minimum of 4 key sites	To bet set 2019/20	To be set 2020/21	Development and Cabinet approval of a property investment strategy
Cost of occupancy of corporate buildings per sq. metre	(£175 / sq. metre)	2% reduction on 2018/19	To be set 2019/20	To be set 2020/21	The net occupancy cost per square metre of corporate buildings is reduced per annum. Thus reducing operating cost to the Council with the aim of delivering efficient management of resources and suppliers

We review a wide range of data about East Sussex to help us understand the context for our plans and the impact we are having through our work and in partnership. We publish this data each year in our State of the County report when we start the planning process that leads to this Council Plan. A selection of this data is listed below. Unless otherwise stated the data refers to 2017/18. Where possible official national statistics are used for comparison with the England average (figures in brackets).

Percentage of working age residents (16-64 year olds) with a level 4 qualification or above (includes degrees, HNC, HND and others)	37.9% (38.3%) CY 2017
Percentage of working age residents (16-64 year olds) with no qualifications or qualified only to NVQ1	15.6% (18.5%) CY 2017
Annual gross earnings, median average	£21,916 (£24,298)
Percentage of working age population (16-64 year olds) in employment	74.7% (75.2%)
Claimant rate including Job Seeker's Allowance (JSA) and Universal Credit: claimants as a percentage of working age population (16-64 year olds)	2.0% (2.1%)
New business registration rate per 10,000 people over 16	52.7 (75.4)
New houses built, total completed / total affordable	1,316 / 226
Percentage of children achieving a good level of development in all areas of learning ('expected' or 'exceeded' in the three prime areas of learning and within literacy and numeracy) in the Early Years Foundation Stage (EYFSP)	76.5% (71.5%)
Average Attainment 8 score per pupil state funded secondary schools	45.1 (46.5) (Provisional)
Average Progress 8 score for state funded secondary schools	-0.02 (-0.02)
Percentage of pupils reaching the expected standard at key stage 2 in reading, writing and mathematics	64% (64%) (Provisional)
Percentage of pupils who achieved a 9-5 pass in English and maths GCSEs	41.2% (43.2%) (Provisional)
Percentage of Looked After Children who achieved a 9-5 pass in English and maths GCSEs	9.5% (7.4%)
Average point score (APS) per entry for level 3 exams including A levels (16-18 year olds)	30.76 (31.59) (Provisional)
Attainment of A level students (age 16-18) average point score (APS) per entry, best 3	28.02% (32.19%) (Provisional)
Attainment of A level students (age 16-18) % achieving grades AAB or better at A level, of which at least two are in facilitation subjects	8.5% (13.4%) (Provisional)

Rate per 10,000 (aged 0 –17 population) of Looked After Children	57.2 (64)
Rate per 10,000 (aged 0-17 population) of children with a Child Protection Plan	52.8 (45.3)
Percentage of children who ceased to be looked after adopted during the year ending 31 March	20% (13%)
Rate of hospital emergency admissions caused by unintentional and deliberate injuries in children and young people aged 0-14 years per 10,000 population	115.1 (101.5)
Proportion of people who use Adult Social Care services who feel safe	71.5% (69.9%)
Percentage of people (65 and over) who were still at home 91 days after discharge from hospital	90.7% (82.9%)
Suicide rate per 100,000 of population, 2014-16, three year average	13.1 (9.6) 2015-17
Percentage of children aged 4-5 years with excess weight (overweight or obese), by postcode of child	23.3% (22.6%)
Percentage of children aged 10-11 years with excess weight (overweight or obese) by postcode of child	30.3% (34.2%)
Long-term support needs of younger adults (aged 18-64) met by admission to residential and nursing care homes, per 100,000 population per year	17.7 (13.5)
Proportion of people who use Adult Social Care services who find it easy to find information about services	78.6 (73.3%)
Social Isolation: percentage of Adult Social Care users who have as much social contact as they would like	51.3% (46.0%)
Long-term support needs of older adults (aged 65 and over) met by admission to residential and nursing care homes, per 100,000 population per year	501.2 (568.5)
Proportion of older people aged 65 and over who received reablement services following discharge from hospital	3.0% (2.9%)
The outcome of short-term services: sequel to service: proportion of people who received short-term services during the year, where no further request was made for ongoing support or support of a lower level	93.3% (77.8%)
Number of people killed or seriously injured on the roads	370 CY 2018

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East Sussex County Council
Council Tax Precepts for 2019/20 (Draft)

		£	£	£
Gross Expenditure			***795,277,000***	
Income			***420,132,000***	
Net Budget				375,145,000
	Business Rates & S31 Grants	41,348,000		
	Business Rates Top Up	42,413,000		
	New Homes Bonus	886,000		
	Previous years' surpluses/(deficits)			
	Council Tax	2,821,740		
	Business Rates	-		
			87,468,740	
				87,468,740
	Council Tax Requirement			287,676,260
	Tax base (total equivalent Band D properties)			200,502.00
	Basic council tax			1,434.78

Therefore Council Tax per Category of Dwelling:-

		Proportion of Basic Council Tax	£
	Band A	6/9	956.52
	Band B	7/9	1,115.94
	Band C	8/9	1,275.36
	Band D	9/9	1,434.78
	Band E	11/9	1,753.62
	Band F	13/9	2,072.46
	Band G	15/9	2,391.30
	Band H	18/9	2,869.56

Precept to Each Billing Authority		*No of band D equivalent dwellings*	£
	Eastbourne	34,765.3	49,880,557
	Hastings	25,865.0	37,110,585
	Lewes	36,760.4	52,743,087
	Rother	38,054.1	54,599,262
	Wealden	65,057.2	93,342,769
	Total	200,502.0	287,676,260

Business Rates, previous year's surpluses/(deficits) and council tax base figures are likely to change due to final confirmation of figures from Districts and Boroughs at 31st January 2019.

Schedule of Instalments for payment from Districts & Boroughs
(to be confirmed by Districts and Boroughs)

11 April 2019
22 May 2019
28 June 2019
05 August 2019
11 September 2019
17 October 2019
22 November 2019
02 January 2019
07 February 2020
16 March 2020

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Fees & Charges - proposed increases above 2.5% **Appendix 6**

Dept	Service Area	Group	Description	Current Charge 2018/19	Proposed Charge 2019/20	Increase / Decrease
ASC	Deferred Payments Agreements	-	Redemption fee	£263.00	£313.88	19.35%
ASC	Deferred Payments Agreements	-	Set up charge	£1,067.00	£1,099.80	3.07%
CET	Bikeability	Whizz and Family Fun	2 hours	£4.00	£5.00	25.00%
CET	Registration Services	-	AMP Marriage/CP - Fri-Sun	£550.00	£575.00	4.55%
CET	Registration Services	-	AMP Marriage/CP - Mon-Thu	£500.00	£525.00	5.00%
CET	Registration Services	-	Approved Marriage Premises (AMP) marriage/Civil Partnerships (CP) - Bank Holidays	£600.00	£625.00	4.17%
CET	Registration Services	-	Change of Name Deed	£65.00	£70.00	7.69%
CET	Registration Services	-	European Passport Return Service	£30.00 (plus postage fee)	£40.00 (inc postage fee)	up to 33.33% depending on postage
CET	Registration Services	-	P&P for certificates sent out (on top of £10 stat fee)	£1.00	£2.00	100.00%
CET	Registration Services	-	PD2 (proof of name change for passport)	£10.00	£20.00	100.00%
CET	Registration Services	-	Proof of Life Signing (foreign pensioners)	£5.00	£10.00	100.00%
CET	Registration Services	-	Registry Office (RO) Marriage/CP - Bank Holidays - Tier 2	£430.00	£445.00	3.49%
CET	Registration Services	-	RO Marriage/CP - Bank Holidays - Tier 3	£505.00	£520.00	2.97%
CET	Registration Services	-	RO Marriage/CP - Bank Holidays - Tier 4	£550.00	£565.00	2.73%
CET	Registration Services	-	RO Marriage/CP - Fri-Sun - Tier 2	£305.00	£320.00	4.92%
CET	Registration Services	-	RO Marriage/CP - Fri-Sun - Tier 3	£380.00	£395.00	3.95%
CET	Registration Services	-	RO Marriage/CP - Fri-Sun - Tier 4	£425.00	£440.00	3.53%
CET	Registration Services	-	RO Marriage/CP - Fri-Sun- Tier 5	£475.00	£490.00	3.16%
CET	Registration Services	-	RO Marriage/CP - Mon-Thu - Tier 2	£180.00	£195.00	8.33%
CET	Registration Services	-	RO Marriage/CP - Mon-Thu - Tier 3	£255.00	£270.00	5.88%
CET	Registration Services	-	RO Marriage/CP - Mon-Thu - Tier 4	£300.00	£315.00	5.00%

Dept	Service Area	Group	Description	Current Charge 2018/19	Proposed Charge 2019/20	Increase / Decrease
CET	Registration Services	-	RO Marriage/CP - Mon-Thu - Tier 5	£350.00	£365.00	4.29%
CET	Registration Services	-	Surcharge for Evening RO weddings/CPs (10pm-8.59am)	£200.00	£250.00	25.00%
CET	Registration Services	-	Surcharge for Evening RO weddings/CPs (5.01pm-9.59pm)	£100.00	£150.00	50.00%
CET	Rights of Way	Land Charges Fees	S31 declarations for additional optional documents	£50 ph	£55 ph	10.00%
CET	Rights of Way	Land Charges Fees	S31 Deposits	£350.00	£360.00	2.86%
CET	Seven Sisters Car Park	-	Vehicle - Annual permit charge	£27.00	£32.00	18.52%
CET	Trading Standards	Explosive Charges	-	£52 to £234	£54 to £500	3.85% to 113.68%
CET	Trading Standards	Weighbridge fees	-	£70.00	£75.00	7.14%
CET	Vacant Seat Scheme and Post 16 SEND contributions	Post 16 SEND contributions	-	£608, halved for people on low income	£646, halved for people on low income	6.25%
CET	Vacant Seat Scheme and Post 16 SEND contributions	Vacant Seat Scheme	Will vary for siblings, one way journeys and primary schools.	£124.00	£135.00	8.87%
CET	Waste Disposal	Trade Refuse	Recharge of disposal cost of trade waste collected by districts and boroughs - per tonne	£125.34	£129.42	3.26%
CSD	Lansdowne Secure Unit	Secure Accommodation Charge	Per week	£885.00	£985.00	11.30%
CSD	Music Service (fees per term)	-	Merit Award Individual lesson (30 min)	£170.00	£196.00	15.29%
CSD	Music Service (fees per term)	Instrumental Hire	Area Music Centre – choir only	£39.00	£40.00	2.56%
CSD	Music Service (fees per term)	Instrumental Hire	Area Music Centre – young music makers	£39.00	£40.00	2.56%
CSD	Music Service (fees per term)	Instrumental Hire	Bassoon, Double Bass, French Horn, Tenor Horn, Baritone, Euphonium, Tuba, Oboe	£18.00	£20.00	11.11%
CSD	Music Service (fees per term)	Instrumental Hire	Cornet, Trumpet, Trombone	£29.00	£31.00	6.90%

Dept	Service Area	Group	Description	Current Charge 2018/19	Proposed Charge 2019/20	Increase / Decrease
CSD	Music Service (fees per term)	Instrumental Hire	Violin, Viola	£24.00	£25.00	4.17%
CSD	Sublease of land at Rotherfield recreation ground	Rental	Per annum	£800	£1,000	25.00%
CSD	Standards, Learning & Effectiveness	Governors & Clerking	Training Courses	£75.00	£80.00	6.25%

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Appendix 7

Capital Programme update

1 Capital Programme Expenditure Update

1. 1 As part of the RPPR process, and also informing the Quarter 2 monitoring position, Service Finance and Departmental Capital Teams have completed a Capital Programme Refresh which has re-profiled their programmes and schemes as accurately as possible based on current knowledge held.

1.2 Table 1 summarises the movements to the approved programme 2018-23 since State of the County in July 2018. The changes include the refresh at quarter 2 in line with updated information from services, approved variations or variations requiring approval through the RPPR process. These are summarised in table 1 below.

Table 1 – Capital Programme Expenditure Movements

	2018/19	2019/20	2020/21	2021/22	2022/23	Total
2018-2023 gross Programme at SOC 2018	106,448	106,076	65,035	42,242	57,998	377,799
Refresh of programme	(14,193)	15,458	(4,791)	2,606	(15,135)	(16,055)
Approved Variations	(306)	1,045	424	150	107	1,420
2018-2023 gross programme	91,949	122,579	60,668	44,998	42,970	363,164
2019/20 risk adjustment		(19,472)	19,472			-
Proposed risk adjusted 2018-23 programme	91,949	103,107	80,140	44,998	42,970	363,164
Revised specific funding	(31,630)	(32,045)	(22,193)	(4,353)	(3,409)	(93,630)
Proposed 2018-2023 net Programme	60,319	71,062	57,947	40,645	39,561	269,534

The current approved programme runs from 2018/19 to 2022/23 (current year plus 4 years).The paragraphs below provide further detail behind the movements summarised in table 1.

1.3 Refresh of programme

Departments have re-profiled their programmes for the best knowledge they hold to date, therefore further slippage should only be incurred as a result of any unknowns impacting on the programme.

Q2 monitoring reported a variation of £12.2m to the gross capital programme; further updates have subsequently been received resulting in additional net slippage of £2.0m.

As part of the refresh of the overall Capital Programme, departments have taken the opportunity to re-profile their programmes and projects to reflect the best knowledge they hold to date, including current slippage or spend in advance.

As a result, £15.5m has been re-profiled into 2019/20, with slippage from 2018/19 and as well as spend in advance from future years mainly on Schools Basic Need and Highways Structural Maintenance. With total expenditure in 2019/20 provisionally set at £122.6m, it has been recognised that there a risk of further slippage in the programme, particularly with reference to the level of slippage experienced in prior years. To mitigate this risk, an adjustment has been applied to projects considered at risk of slippage - on the basis of; projects with an assessed high risk of slippage reduced by 40% in year; and projects with an assessed medium risk of slippage reduced by 25% in year (the assessment was based on value, historic issues and slippage). This has moved £19.5m of expenditure, from 2019/20 into 2020/21 and work continues to re-profile this over future years as the future programme is developed. This gives a revised 2019/20 gross Capital Programme of £103.1m.

As a result of the programme refresh, underspends have also been identified. These are listed at Table 3.

Table 2 – under / (over) spends

	Ref	**Total £m**
School Basic Need	1.3.1	12.6
Property Building Improvements	1.3.2	2.3
Eastbourne/ South Wealden Cycling and Walking Package	1.3.3	0.7
Residual projects	1.3.4	0.4
Total		**16.0**

1.3.1 School Basic Need
Due to delays in housing developments, the need for school places has slipped outside the scope of the current programme. *[It should be noted that this is a gross slippage and there is an associated reduction in grant anticipated noted in the funding section of this paper].*

1.3.2 Property Building Improvements
The Building Maintenance team has undergone a restructure and is now an integrated Orbs Maintenance Team between ESCC and SCC. The Building Improvements Capital programme has been reviewed and re-profiled based on the teams capacity to deliver the programme, available resources, a review of the last 5 years spend and a review of the ESCC Estate in line with the Core Offer. As a result of this work £2.3m has been removed from the programme.

1.3.3 Eastbourne/South Wealden Cycling and Walking Package
A business case has recently been submitted to the South East Local Enterprise Partnership identifying £4.3m resources required for this project, this releases £0.7m of budget as underspend.

1.3.4 Residual Projects
There are a number of projects in the Capital Programme that have finished, where a residual retention budget remains. Capital Strategic Asset Board have proposed the programme is reduced by these amounts, however, for accounting purposes the projects will remain open in the accounting system. Should any final payments be incurred these will be managed through the Capital Risk Provision and additional budgets approved via the variation process for these specific schemes.

1.4 Approved variations

Approved variations since State of the County are detailed in Table 3 and have been added to the proposed programme. These have all been approved in line with current variation process and have a net nil impact on the programme.

Table 3 – Approved Variations 2018-23

	Total £'000
Salix reduced grant	367
Schools Delegated Capital reduced grant	7
School Basic Need budget transfer to nurseries	(43)
Nurseries budget transfer from School Basic Need	43
Agile budget transfer from Agile reserve	107
Integrated transport reduced contribution	50
Real time Passenger Information increased s106 contribution	(279)
Greenacres additional NHS England grant	(248)
Community Match budget transfer from Integrated Transport	(540)
Integrated Transport budget transfer to Community Match	540
Community Match Capital Expenditure from Revenue Account (CERA) transfer	(750)
Community Match Parish contribution	(60)
Queensway Depot budget transfer from Highways Structural Maintenance	(370)
Highways Structural Maintenance budget transfer to Queensway Depot	370
Integrated Transport budget transfer to Eastbourne Town Centre Phase 2	(386)
Eastbourne Town Centre Phase 2 budget transfer from Integrated Transport	386
Eastbourne Town Centre Phase 2 – additional contribution	100
Eastbourne/South Wealden Walking and Cycling package – additional contribution	300
Funded by scheme specific income	**1,420**
Total	**0**

1.5 Other items of note (currently not submitted for inclusion in the programme)

1.5.1 Communities, Environment and Transport (CET) have identified £27m of basic need **transport infrastructure requirements** necessary up to 2024 to support the delivery of growth allocated in Local Plans across the County. These have been identified through joint infrastructure work with district, boroughs and the South Downs National Park Authority during the production of Local Plans. They are included in the Infrastructure Delivery Plans which authorities have produced to outline essential infrastructure required to support these Local Plans. CET have confirmed these schemes will be principally funded by development contributions including the Community Infrastructure Levy (CIL) and other external funding sources. These will enter the programme in line with the current variation process as and when funding streams are confirmed.

1.5.2 At State of the County 2017 it was agreed to set some money aside in the Financing Reserve to help realise returns in future years through support for investment and/or for reduced borrowing in the Capital Programme. **The Property Asset Disposal and Investment Strategy** was approved at Cabinet on 24 April 2018. During 2019/20 opportunities will be considered that align with the priorities within the strategy which can now be facilitated by the use of some of these funds to bring forward the development of potential investment sites. Updates will be provided to this through the RPRR process as necessary.

1.5.3 In the pipeline there is a potential bid for funding for a Local Full Fibre Network which will be subject to the bidding process of the Department for Digital, Culture, Media and Sports. In addition, a bid is expected for Special Educational Need Provision in Secondary Schools.

1.6 Capital Risk Provision

There are a number of risks and uncertainties regarding the programme to 2022/23 and beyond which have necessitated holding a risk provision, these include:

- inflationary pressures on construction costs, including through the impact of BREXIT;
- uncertainty about delivery of projects in the programme, e.g. highways and infrastructure requirements;
- any as yet unknown requirements;
- any minor residual payments on the agreed removed projects (managed via variations); and
- uncertainty regarding the level of government grants.

The current provision is £7.5m (2% of the programme) agreed at State of the County. While capacity within borrowing arrangements is ensured through treasury management for this provision no borrowing for this is planned to be undertaken currently. These are not funds that are in the Council's accounts, but a permission to borrow for future emerging risks.

2. Capital Programme Funding updates

The net Capital Programme (after specific funding) is funded by a combination of government grants, capital receipts and s106 contributions. As these do not cover the required investment in basic need the programme is also supported by borrowing and the revenue contribution to capital outlay (RCCO). Both of which directly impact the revenue budget. The following paragraphs provide updates to these funding sources.

2.1 Capital receipts (including VPN receipts)

For State of the County 2018, Property Services provided an update of capital receipts available to support the Capital Programme. This increased the capital receipts available to £21.8m. This is based on Property Officers' professional judgement and is on a site by site basis. It was noted however that this profile, however, is subject to change should any assets which have been declared surplus have that decision rescinded (i.e. they are used for another purpose), or if the asset is retained but transferred under a long term lease at below market value (i.e. under the Council's Community Asset Transfer policy e.g. for 99 years at a peppercorn rent).

The latest review sees a shift in the timing of these receipts, this is most notably the result of land issues. It should also be noted that there will need to be an asset rationalisation as a result of moving to the Core Offer. Capital receipts will continue to be reviewed at regular interviews.

Given ongoing revenue pressures capital receipts have been for 2019/20 onwards been re-profiled to (a) provide funding that could support, in the main, short life assets, and (b) to allow a balance to be retained annually in the region of £3.0m-£4.0m to allow for future receipts flexibilities if they are required. This has had the impact of reducing their planned use to £18.3m.

2.2 Non-specific grants

Non-specific grants are estimated to reduce by a net £2.3m. This is a result of a reduction in School Basic Need grant of £7.0m, due to a decrease in the number of school places required. Offset by additional Highways Maintenance grant announced at the autumn budget of £4.7m. There continues to be uncertainty in relation to the £125.5m Government Grants remaining that support the programme, 65% of which remain unconfirmed. These estimates are based on current levels and formula projections.

2.3 Section 106/ Community Infrastructure Levy (CIL)

S106 agreements are being replaced by the CIL and the County Council will have to bid to boroughs and districts for this money, there is therefore a risk that the income from CIL will not match the current levels arising from s106 agreements. Work is ongoing to establish what funding is expected from CIL and the process that the Council will need to undertake to obtain CIL contributions. The County Council will need to work closely with the Borough and District Councils to ensure basic needs are prioritised effectively and ensure CIL funding is secured where appropriate. A cross department CIL working Group has been set up, which reports to the Capital and Strategic Asset Board, and is overseeing this work for the Council.

A bid for CIL funding has been submitted to Lewes District Council (LDC) for the sum of £1.2m in support of school places at Seahaven. This has been supported by LDC's CIL Executive Board, and will now be recommended for approval at their Full Council on 11 February. This has been reflected in the funding assumptions.

2.4 Revenue supported funding (borrowing and revenue contribution to capital (RCCO))

The revenue contribution to capital was previously planned at £4m per annum. This has historically been considered a minimum level because it supports investment in short life assets, as borrowing for these assets is not sustainable.

Taking account of the slippage and underspend on the current programme, and the re-profiling of projects, in support of the continued unprecedented pressures on the revenue budget, it is proposed that the revenue contribution to capital for the life of the MTFP (2019/20-2021/22) is removed from the Capital Programme funding.

As noted at 1.4 capital receipts have been re-profiled to support the need not to borrow for short life assets.

2.5 Borrowing

The prudential code allows the option to borrow for investment in assets with a longer life (20 years or more), e.g. schools, other buildings and highways infrastructure. In the current programme annual borrowing supports on average 46% additional expenditure on highways over and above the grant received by the Council and an additional 53% over and above government grant for school basic need places. At State of the County the borrowing of £85.5m was approved, before any use of the capital risk provision. The four year borrowing requirement from 2019/20 to 2022/23 to support the Capital Programme, as referenced in the Treasury Management Strategy, is £74.6m. Given the strain revenue borrowing incurs, the programme updates are being managed within this agreed level of borrowing which will require an additional draw from reserves of £0.6m (this will be the first call if the programme reduces further in future).

2.6 Summary of Proposed updates to funding

Table 5 below provides a summary of the proposed updates to funding the programme. Overall expenditure has reduced by £14.6m with income reducing by a net £15.2m, and therefore a £0.6m draw from reserves is required as mentioned in 2.5 above.

Table 5 – proposed funding

Funding Source	18/19 £'000	19/20 £'000	20/21 £'000	21/22 £'000	22/23 £'000	Total Remaining £'000
Restricted use						
New Homes Bonus	(1,231)	-	-	-	-	**(1,231)**
Other departmental revenue contributions	(850)	(850)	(655)	-	-	**(2,355)**
Contributions from Revenue Reserves set aside	(2,821)	(1,067)	-	-	-	**(3,888)**
Community Infrastructre Levy		(1,200)	-	-	-	**(1,200)**
Non Specific Grants	(27,149)	(36,504)	(18,016)	(17,413)	(26,413)	**(125,495)**
VPN Receipts	(620)	(1,503)	(399)	-	-	**(2,522)**
Flexible use						
Capital Receipts	(2,622)	(4,757)	(4,979)	(2,845)	(3,090)	**(18,293)**
Capital Reserves	(10,000)	(11,000)	-	-	-	**(21,000)**
Revenue Contributions	(4,000)	-	-	-	(4,000)	**(8,000)**
Borrowing (excluding contingency)	(11,026)	(14,181)	(33,898)	(20,387)	(6,058)	**(85,550)**
Subtotal non-scheme specific	**(60,319)**	**(71,062)**	**(57,947)**	**(40,645)**	**(39,561)**	**(269,534)**

3. Future Programme

The Capital Programme from 2023/24 onwards will require consideration and planning. The level of resources available to fund capital expenditure post 2022/23 will be significantly reduced due to the use in its entirety of the Capital Programme reserve, potential reductions in government grants, and a reducing potential to generate further capital receipts and afford borrowing.

This will be at a time of increasing spending pressures for the Council and the requirement to continue to provide the infrastructure to support District and Boroughs' extensive Local Growth Plans as well as other basic need requirements.

The Council will therefore need to give careful consideration to how to spend the limited capital resources to best meet the delivery of the Council's priority outcomes.

4. Ongoing work

Work continues to refine and update the Capital Programme through the normal RPPR process. The Children’s Services Sub-Board continues to scrutinise the School Basic Need programme at a more granular level with an aim to manage and, where possible, drive down costs further. The CSAB has built in further in-year scrutiny of the Programme in line with the quarterly monitoring cycle and there are regular reviews of income streams, including a sub board specifically looking at maximising and managing CIL.

5. Conclusion

Taking into account the movements set out above, the proposed 2018-23 Capital Programme is £363.2m gross, funded by £93.6m specific income, giving a net programme to be financed of £269.6m (before contingency of £7.5m) and comprises the current year +4 years.

The detailed 2018-23 Capital Programme is set out in the Financial Budget Summary at Appendix 2.

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Equality Impact Assessment for CAPITAL PROGRAMME 2018/23

Following the introduction of the Equality Act 2010 ('the EA') a public authority must, in the exercise of its functions, have due regard to the need to –

(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the EA;
(b) advance equality of opportunity between persons who share a relevant protected characteristic (as defined by the EA) and persons who do not share it;
(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The protected characteristics set out in the EA are age, disability, race, pregnancy/ maternity, religion or belief, gender (including gender reassignment) and sexual orientation. Marriage and civil partnership are also protected characteristics for the purposes of the duty to eliminate discrimination. When making decisions the County Council also considers other matters such as the impact of rurality, deprivation and being a carer.

The 5 year Capital Programme requires members to have due regard to the Equality Duty contained in Section 149 of the EA as set out above.
Having "due regard" does not necessarily require the achievement of all the aims set out in section 149 of the EA. Instead it requires that members' understand the consequences of the decision for those with the relevant protected characteristics and consider these alongside other relevant factors when making the decision to pursue one course of action rather than another, alternative course of action that may have different consequences. The regard which is necessary will depend upon the circumstances of the decision in question, and should be proportionate. Where a decision is likely to have an impact on a significant number of people, or where it is likely to have a significant impact on even a small number of people, the regard required will be high.

This means that in setting the Capital Programme, the three equality aims set out above had to be considered as a relevant factor alongside financial constraints and all other relevant considerations. Due to the ongoing financial pressures the Council is facing, the current capital programme focusses on a strategy to deliver core need as efficiently as possible. As agreed, service developments and investment opportunities that are outside core need are required either to be match funded or produce a business case that demonstrates benefits. Approved bids are added to the programme in line with current variation policy and financial regulations. Members must consider the equalities impacts of the agreeing this capital programme. Specifically, Members need to take account of what the potential impacts of spending on this programme rather than other areas will be for the communities in East Sussex. It will be open to Directors and Lead Members at the time of taking those decisions to spend more on one activity and less or none on another.

The EA does not require an equality impact assessment (EIA) to be carried out; however the cases considering the public sector equality duty have held that an EIA is the best way to demonstrate that the equalities impacts have been identified and considered. Where a project which was included in the Capital Programme is likely to have impacts upon equalities, officers have considered the consequences for those with protected characteristics of that particular project or bid not being included in the Programme up to 2022/23, and have summarised these impacts for Members to consider. Where EIAs have been conducted these will be available as background documents.

	Impact on Protected Characteristics									Comments
	Age	Disability	Ethnicity	Gender & Transgender	Marriage and Civil Partnership	Pregnancy and Maternity	Religion & Belief	Sexual Orientation	No significant relevance to equality	
Adult Social Care										
Greenacres										Funded by NHSE Capital and ESCC will only contribute if there is shortfall.
CORE House Adaptations for Disabled People										
Children's Services										
CORE House Adaptations for Disabled Children's Carers										
Conquest Centre Redevelopment										
Business Services										

	Impact on Protected Characteristics									Comments
	Age	Disability	Ethnicity	Gender & Transgender	Marriage and Civil Partnership	Pregnancy and Maternity	Religion & Belief	Sexual Orientation	No significant relevance to equality	
CORE Schools Basic Need										We have a statutory duty to ensure we have sufficient pupil places across the County meeting the admissions code and distances of travel. If this scheme does not go ahead then there will not be sufficient pupil places across the county and we would be in breach of our statutory duty.
CORE Capital Building Improvements										Building improvements to ensure safety.
CORE Libraries Basic need										Building improvements to ensure safety.
CORE ICT Strategy Implementation										
Communities, Economy & Transport										
A22/A27 Junction Improvement Package										Fully funded by the Local Enterprise Partnership (LEP)
Community Match Fund										Match funding to provide things such as pedestrian crossings

	Impact on Protected Characteristics									Comments
	Age	Disability	Ethnicity	Gender & Transgender	Marriage and Civil Partnership	Pregnancy and Maternity	Religion & Belief	Sexual Orientation	No significant relevance to equality	
CORE Highways Maintenance										Capital funding for structural maintenance will deliver the Asset Management Plan to improve highway condition. Better maintained roads and footways will help to eliminate trip hazards. The Highways Capital maintenance paper outlines the risks of not using Capital funding in this area.
CORE Bridge Strengthening										As above
CORE Street Lighting										As above
CORE Rights of Way										The only parts which are to any extent capital funded are the improvements to surfaces and ramps and the replacement of stiles with gates and gaps, if not funded the lack of improvement will mean that people with the protected characteristics will have poorer access to rights of way.

CAPITAL STRATEGY 2019/20

CONTENTS

1. Introduction & Background

Revision of Chartered Institute of Public Finance and Accountancy (CIPFA) Codes and Ministry of Housing, Communities and Local Government (MHCLG) Guidance

1.1 The framework in which treasury management operates was revised by the MHCLG and CIPFA during 2017/18, with full implementation expected by 2019/20. The changes were largely in response to a growing number of authorities increasing their use of non-financial investments (such as commercial property portfolios) to generate income in response to reducing resources to deliver their core services. The revised codes and guidance sought to increase transparency and to provide a single place to assess the proportionality of this activity in comparison to an authority's core services.

1.2 As part of this update, the Chartered Institute of Public Finance and Accountancy (CIPFA) revised 2017 Prudential and Treasury Management Codes require, for 2019/20, all local authorities to prepare an additional document, a Capital Strategy, which will provide the following:

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed;
- the implications for future financial sustainability.

1.3 The purpose of the Capital Strategy is to drive the authority's capital investment ambition whilst also ensuring appropriate capital expenditure, capital financing and treasury management in the context of the sustainable, long-term delivery of services.

1.4 The aim of this Capital Strategy is to ensure that all elected members on the full council fully understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite.

1.5 This Capital Strategy is reported separately from the Treasury Management Strategy. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset. The Capital Strategy will show:

- The corporate governance arrangements for these types of activities;
- Any service objectives relating to the investments;
- The expected income, costs and resulting contribution;
- The debt related to the activity and the associated interest costs;
- The payback period (MRP policy);
- For non-loan type investments, the cost against the current market value;
- The risks associated with each activity.

1.6 Where a physical asset is being bought, details of market research, advisers used, (and their monitoring), ongoing costs, investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.

1.7 Where the Council has borrowed to fund any non-treasury investment, there should also be an explanation of why borrowing was required and why the MHCLG Investment Guidance and CIPFA Prudential Code have not been adhered to. If any non-treasury investment sustains a loss during the final accounts and audit process, the strategy and revenue implications will be reported through the same procedure as the Capital Strategy.

1.7 Guidance issued by Link Asset Services, our Treasury Management Advisors, summarises the requirements issued by CIPFA within the code. It is expected that the Capital Strategy will:

- Apply a long-term approach: 20-30 years;
- Explore external influence on Capital Strategy e.g. Local Enterprise Partnership;
- Examine Commercial activity/ambition;
- Determine implications of Investment Strategy;
- Ensure corporate plan priorities drive identified capital investment ambition;
- Examine available resources and capacity to deliver;
- Assess affordability against ambition and address any gap;
- Identify capital financing principles;
- Demonstrate integration with other strategies and plans;
- Produce a 10-year capital investment plan, with actions, timescale, outputs and outcomes;
- Capture risks and mitigating factors;
- Outline governance, monitoring processes and procedures.

1.9 East Sussex meets the requirements of this, with the exception of having a 10-year capital investment plan and the application of a ‘significantly longer’, long-term approach. It is currently considered that in the current financial climate it is not appropriate to have a 10 year programme. Rather that the programme period should (at least) cover the life of the medium term financial plan. The current programme which runs to 2022/23 does this. This will, however, be reviewed on an annual basis.

1.10 The Code requires that the strategy should form part of ‘integrated revenue, capital and balance sheet planning’. For ESCC the Capital Programme has always been considered annually as part of the Reconciling Policy, Performance and Resources (RPPR) process, and this document provides a formal Capital Strategy for approval, which will be reviewed on an ongoing basis. In 2019/20, there will be further development of the strategy in line with the revised code.

2. The Capital Programme

2.1 Expenditure can be defined as capital expenditure when it results in the acquisition, construction or enhancement of an asset (e.g. land, buildings, roads, plant and equipment), that continues to benefit the Council for a period of more than one financial year. At East Sussex County Council (ESCC), projects can be capitalised if they meet the definition of capital expenditure and are over the current approved de minimus of £20,000. Any item below this limit is charged to revenue.

2.2 The Prudential Code requires that authorities demonstrate that they take capital expenditure and investment decisions in line with services objectives and have proper stewardship arrangements, provide value for money, are prudent, sustainability and affordability

2.3 ESCC’s Capital Strategy defines and outlines the Council’s approach to capital investment and is fundamental to the Council’s financial planning processes. It aims to ensure that:

- capital expenditure contributes to the achievement of the Council’s strategic priorities;
- an affordable and sustainable capital programme is delivered;
- use of resources and value for money is maximised;

- a clear framework for making capital expenditure decisions is provided;
- a corporate approach to generating capital resources is established;
- access to sufficient long term assets to provide services are acquired and retained.

2.4 The Council's Capital Programme continues to focus on areas of core need relating to statutory or legislative requirements or that are cost neutral to the Council or enable access to further funds. Whilst each of the Capital Programmes represents core need, they also support and align to the Council's priority outcomes. Supporting narrative for each area can be found at Annex A. The areas of essential basic need are currently defined as:

- Schools Places (primary, secondary and special);
- Highways Structural Maintenance (including Bridge Strengthening, Street Lighting, Rights of Way and Bridge Replacement Programmes);
- Property Building Maintenance;
- ICT Strategy;
- Adult and Children's House Adaptations; and
- Libraries.

2.5 In addition to core need, there are a number of other areas of need that are assumed to be fully funded by respective funding sources; examples of these are the Local Enterprise Partnership and the Economic Intervention Fund.

2.6 A summary of the Capital Programme at February 2019 is set out in the table below:

CAPITAL CORE PROGRAMME GROSS 2018-23	18/19 £'000	19/20 £'000	20/21 £'000	21/22 £'000	22/23 £'000	Total Revised Programme £'000
ASC - House Adaptations	5	193	989	400	400	**1,987**
Schools Basic Need	16,032	26,627	7,919	8,177	9,936	**68,691**
Capital Building Improvements	8,209	6,108	10,180	8,144	8,144	**40,785**
Libraries Basic Need	366	405	778	169	526	**2,244**
IT & Digital Strategy Implementation	2,472	4,480	3,794	2,305	2,550	**15,601**
House Adaptations for Disabled Children's Carers Homes	145	84	196	140	140	**705**
Highways Structural Maintenance	23,071	23,067	18,476	17,850	12,946	**95,410**
Bridge Assessment Strengthening	1,285	1,300	1,300	1,285	1,260	**6,430**
Street Lighting and Traffic Signals - life expired equipment	1,335	1,019	854	680	623	**4,511**
Rights of Way Surface Repairs and Bridge Replacement Programme	410	430	430	430	430	**2,130**
Other projects (from previous captial programme)	21,198	28,588	26,590	5,418	6,015	**87,809**
LEP projects	17,421	10,806	8,634	-	-	**36,861**
Total	**91,949**	**103,107**	**80,140**	**44,998**	**42,970**	**363,164**

2.7 As part of annual budget setting departments have taken the opportunity to re-profile their programmes and projects to reflect the best knowledge they hold to date. As a result, £15.5m has been re-profiled into 2019/20, with slippage from 2018/19 and as well as spend in advance from future years mainly on Schools Basic Need and Highways Structural Maintenance. With total expenditure in 2019/20 provisionally set at £122.6m, it has been recognised that there a risk of further slippage in the programme, particularly with reference to the level of slippage experienced in prior years. To mitigate this risk, an adjustment has been applied to projects considered at risk of slippage - on the basis of; projects with an assessed high risk of slippage reduced by 40% in year; and projects with an assessed medium risk of slippage reduced by 25% in year (the assessment was based on value, historic issues and slippage). This has moved £19.5m of expenditure, from 2019/20 into 2020/21 and work continues to re-profile this over future years as the future programme is developed. This gives a revised 2019/20 gross Capital Programme of £103.1m.

3. Capital Programme Funding

3.1 ESCC's Capital Programme is funded from a range of sources including:

- **Prudential Borrowing** – The introduction of the Prudential Code in 2004 allowed the Council to undertake unsupported borrowing itself. This borrowing is subject to the requirements of the Prudential Code for Capital Expenditure for Local Authorities. This has revenue implications for the Council in the form of financing costs.
- **External Grants** – mainly grant allocations from central government departments including the Department for Education and the Department for Transport.
- **S106, Community Infrastructure Levy (CIL) and external contributions** – some projects within the Capital Programme are funded by contributions from private sector developers and partners. With the move from S106 to CIL, and the individual bidding processes of districts and boroughs, there is a risk that income to the Council from this source is reduced.
- **Revenue Funding** – The Council can use revenue resources to fund capital projects, where these have been approved. For the period 2019-22 there is no planned revenue contribution to capital outlay.
- **Capital Receipts** – The Council can generate capital receipts through the sale of surplus assets such as land and buildings. The Council seeks to maximise the level of these resources which will be available to support the Council's plans.
- **Capital Reserve** – When the 2018-23 programme was created, funding of £21m was set aside to support the 2018-23 programme.
- **New Homes Bonus** – This is currently used to support the capital programme in 2018/19.

3.2 The application of these funding sources to capital expenditure incurred during the year will be in the following order:

(a) Scheme specific income e.g. specific grants, s106 contributions
(b) Revenue funding, including the New Homes Bonus
(c) Capital reserve (if budgeted to be used in year)
(d) Non-specific grants
(e) Capital receipts
(f) Borrowing

3.3 The funding of the current Capital Programme is set out in the table below:

Funding Source	18/19 £'000	19/20 £'000	20/21 £'000	21/22 £'000	22/23 £'000	Total Remaining £'000
Scheme specific funding	(31,630)	(32,045)	(22,193)	(4,353)	(3,409)	**(93,630)**
Restricted use						
New Homes Bonus	(1,231)	-	-	-	-	**(1,231)**
Other departmental revenue contributions	(850)	(850)	(655)	-	-	**(2,355)**
Contributions from Revenue Reserves set aside	(2,821)	(1,067)	-	-	-	**(3,888)**
Community Infrastructre Levy	-	(1,200)	-	-	-	**(1,200)**
Non Specific Grants	(27,149)	(36,504)	(18,016)	(17,413)	(26,413)	**(125,495)**
VPN Receipts	(620)	(1,503)	(399)	-	-	**(2,522)**
Flexible use						
Capital Receipts	(2,622)	(4,757)	(4,979)	(2,845)	(3,090)	**(18,293)**
Capital Reserves	(10,000)	(11,000)	-	-	-	**(21,000)**
Revenue Contributions	(4,000)	-	-	-	(4,000)	**(8,000)**
Borrowing (excluding contingency)	(11,026)	(14,181)	(33,898)	(20,387)	(6,058)	**(85,550)**
Subtotal non-scheme specific	**(60,319)**	**(71,062)**	**(57,947)**	**(40,645)**	**(39,561)**	**(269,534)**
Total funding	**(91,949)**	**(103,107)**	**(80,140)**	**(44,998)**	**(42,970)**	**(363,164)**

3.4 ESCC has a strategy of repaying debt and reducing its borrowing. Further savings from postponing the requirement to secure external borrowing with the effect of delaying the impact of debt servicing costs will, where possible, be used to reduce borrowing.

3.5 The Capital Strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset**.**

4. Governance Arrangements

4.1 The Council's constitution and financial regulations govern the capital programme as set out below:

- All capital expenditure must be carried out in accordance with the financial regulations and the Council's constitution;
- Capital expenditure must comply with the statutory definition of capital purposes as defined within this document and wider financial standards;
- The Capital Programme approved by Full Council as part of the Council's annual budget report sets the capital funding availability for the Council and the prioritisation of funding. This is updated and approved by Full Council as part of the Council's State of the County report;
- All schemes are formally approved into the capital programme by following the process set out in the financial regulations;
- Projects will usually only be added to, or removed from, the Capital programme as part of the annual budget setting process or as part of State of the County. Any request outside of this processes would have to be approved by Cabinet;
- Officers are not authorised to commit expenditure without prior formal approval as set out in the financial regulations;
- Each scheme must be under the control of a responsible person/project manager.

4.2 The Council has a Capital Strategic Asset Board, a cross-departmental group consisting of members from each service department, finance, property and procurement. This Board oversees the development and delivery of the Council's capital programme.

4.3 Departmental Capital Boards exist for the school basic need programme and related projects, Communities, Economy and Transport and Information, Technology and Digital.

4.4 In year, the Capital Programme is monitored and reported to the Corporate Management Team and then to Cabinet and Full Council, on a quarterly basis, as part of the Council's RPPR monitoring.

5. Strategic Management of assets and opportunities

5.1 The Capital Strategy links in with other Council Strategies and Programmes, including:

- Treasury Management Strategy
- Property Asset and Disposal Investment Strategy
- SPACES Programme
- Commercialisation Strategy
- Local Enterprise Partnerships

Further information about these is set out below.

5.2 Treasury Management Strategy

5.2 1 The Treasury Management Strategy sets out the Council's approach to the management of its treasury management activities. The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of treasury management is to ensure that cash flow is adequately planned with cash being available when it is needed. Surplus monies are invested in lower risk counterparties or instruments, commensurate with the Council's risk appetite, providing adequate liquidity and considering investment return.

5.2 2 Another part of the treasury management service is the funding of the Council's Capital Programme. The capital programme provides a guide to longer cash flow planning to ensure that the Council can meet its capital investment requirement.

5.3 Property Asset and Disposal Investment Strategy

5.3.1 The key purpose of the Strategy is to deliver an ongoing net income stream to the Council with investment defined as allocating money in the expectation of some benefit in the future. This covers investment in legal interests in land or property assets which enable income streams, and which may include those arising through development opportunities.

5.3 2 The approved Strategy seeks to address key priorities that i) support the Council's financial resilience in the longer term, ii) support the Council in continuing to deliver its essential services to residents, and iii) act as a catalyst for improved economic outcomes for the County.

5.3.3 Aligned to these key priorities are several themes around optimising the current estate portfolio, challenging service utilisation, defining growth or locality based strategies, joining up public service delivery, managing a corporate landlord model, and integration of asset management activities with wider regeneration agendas.

5.3.4 The strategy looks at a combination of investment and development opportunities, with the Council making investments alone or in partnership with either authorities in their local administrative area or with a third party.

5.3.5 The emphasis remains on the optimisation of ESCC's existing asset base and a cautious approach to direct property investment for commercial return, which is identified as a distinct and separate second phase.

5.3.6 Investment schemes within this category will help to generate income and increase the diversification of the property asset base and expected to be self-funding through approved business cases.

5.3.7 Appropriate Governance arrangements are detailed in the Property Asset and Disposal Investment Strategy, with differentiation recognising the existing delegated powers held by the Chief Operating Officer and Chief Property Officer, and the proposal to establish an Asset Investment Board (AIB) to provide appropriate due diligence evaluation to any proposals for investment or disposal.

5.3.8 Officers in Property and Finance will provide advice on each proposal coming forward to the relevant decision making party. This advice will include how each investment proposal could be taken forward, including a consideration of the risks, how the opportunity is structured and financed. All investments will require a robust business case to ensure that the investment is affordable, sustainable and provides value for money. The governance process will be subject to periodic review to ensure that it is fit for purpose and supports the achievement of the desired outcomes for the strategy.

5.3.9 All decisions (by Chief Operating Officer, Chief Property Officer or by the Asset Investment Board), and the performance of investments will be subject to monitoring by the Audit Committee.

5.4 SPACES

5.4.1 The SPACES Programme is a well-established multi organisation partnership that has been delivering property and land co-location and collaboration projects across East Sussex and Brighton & Hove since 2011.

5.4.2 The partnership continues to evolve through both the engagement of additional organisations, notably in the Health and Education Sectors and recognition of where partner strategies align or complement each other and finding ways to work together creatively to meet these. The maturity of the partnership increases year on year and change readiness has improved to enable partners to look at more challenging projects.

5.4.3 The Partnership is working closely with the One Public Estate agenda, managed through the Local Government Association, with bids submitted for revenue support for a variety of collaborative capital projects and opportunities that will be supporting the County Councils' wider objectives.

5.5 Commercial Strategy

5.5.1 The Council's commercial strategy provides the framework and template for the Council's approach to considering the commercial opportunities that exist, or can be created, in order to drive value for residents and businesses.

5.5.2 The purpose of the strategy is to bring into one place our approach and signpost the numerous strategies and activities that have commercial principles and approaches in inherent in their focus or delivery.

5.5.3 For the Council, commercialisation is the use of innovative and entrepreneurial practices in pursuit of corporate objectives, to deliver a return. It is about 'driving value for residents and businesses in everything we do'.

5.5.4 The Council wants to deliver, fund and manage services in ways that promote value for money and deliver the best outcomes for our local residents, communities and businesses. It is important to us that our commercial ventures are focused on helping us to achieve our strategic priorities and deliver wider benefits to our residents, businesses and local communities, beyond purely a commercial return. Commercialisation will provide the framework, tools and ethos to enable the Council to achieve this and improve how it delivers services in the future.

5.6 Local Enterprise Partnerships

5.6.1 In March 2014, the South East Local Enterprise Partnerships (SE LEP), which comprises businesses, local authorities and education leaders across East Sussex, Essex, Kent, Medway, Southend and Thurrock, submitted their proposals to Government for a Growth Deal to drive economic expansion in the area over the 6 years up to 2021. Within this was a specific growth plan for East Sussex focussed around its three growth corridors – Newhaven, A22/A27 Eastbourne/South Wealden and the A21/A259 Bexhill/Hastings Growth Corridor.

5.6.2 The SE LEP's initial Growth Deal was agreed in July 2014 with an additional Growth Deal agreed in February 2015. Within East Sussex, over £70m of Local Growth Fund (LGF) money has been secured to date towards economic growth and infrastructure projects. In January 2017, the Government announced the outcome of the third round of Growth Deal submissions with the County Council securing a further £13.2m allocated to two major projects.

6. Risk Appetite

6.1 The Council seeks to minimise its exposure to risks that are unwanted and unrewarded. Capital is managed centrally on an ongoing basis to ensure that there is sufficient liquidity in the short and medium term to meet costs and support front line services, as well as meeting long-term solvency and funding requirements.

6.2 The Council is exposed to a range of risks including:

- Financial risks related to the investment of the Council's assets and cash flow, market volatility, currency etc.
- Macroeconomic risks related to the growth or decline of the local economy,
- interest rates, inflation and to a lesser degree, the wider national and global
- Credit and counterparty risks related to investments, loans to institutions
- and individuals and counterparties in business transactions.
- Operational risks related to operational exposures within its organisation, its
- counterparties, partners and commercial interests
- Strategic risks related to key initiatives undertaken by the Council such as
- significant purchases, new ventures, commercial interests and other areas of
- organisational change deemed necessary to help the Council meet its goals.
- Reputational risks related to the Council's dealings and interests, and the
- impact of adverse outcomes on the Council's reputation and public
- perception.
- Environmental and social risks related to the environmental and social
- impact of the Council's strategy and interests.
- Governance risks related to ensuring that prudence and careful consideration
- sit at the heart of the Council's decision-making, augmented by quality independent advice and appropriate checks and balances that balance oversight and efficiency.

6.3 Managing the Council's risks is an area of significant focus for senior management and members, and the Council adopts an integrated view to the management and qualitative assessment of risk.

6.4 The Council aims to minimise its exposure to unwanted risks – those risks that are not actively sought and which carry no commensurate reward for the Council – through a range of mitigation strategies to the extent that it is cost-effective to do so.

7 Skills and Knowledge

7.1 The Capital Programme and Treasury Management Strategy are managed by a team of professionally qualified accountants with extensive Local Government Finance experience, who attend courses on a regular basis to keep abreast of new developments. The Council's Section 151 Officer is the officer with overall responsibility for Capital and Treasury activities and is also a qualified accountant.

8 Further development of the Capital Strategy

8.1 Work will continue throughout 2019/20 to refine and develop the Council's Capital Strategy beyond 2022/23 within the context of the ongoing financial challenge.

Annex A

Areas of Core Need

1. Highways Programme

1.1 Maintenance of public highways and public rights of way across the county is a statutory requirement of the County Council under the Highways Act. ESCC has very clear obligations to maintain the public highway, and, therefore, without an adequate supporting capital maintenance budget the pressure on revenue budgets will undoubtedly increase and the Council will be at greater risk of third party claims for damages.

1.2 Road condition, and the ability to prevent the formation of potholes, has long been a priority for Members, and, in recent years, the focus of the Capital Maintenance Programme has been to improve the overall condition of the carriageway through programmes of preventative patching and carriageway resurfacing. The increase in capital investment from historical levels has now contained that rate of deterioration.

1.3 In 2013, Cabinet agreed that a level of capital maintenance of £15m per annum (at today's prices) would be required, over 10 years, in order to maintain the roads in a condition that reflected the Council's priorities, to stem the rate of deterioration and to maintain the current condition of the county's roads.

2. Schools Basic Need Programme

2.1 Ensuring the provision of sufficient school places is a statutory duty of the Council and needs to be funded. The requirement for school places in East Sussex is driven by housing growth, inward migration and increases in births.

2.2 To date, additional places have been provided in primary schools but the children in primary schools will need secondary school places as they move through the school system. In the period beyond 2018/19, ongoing primary school place pressure is expected in a number of areas due to major housing plans.

2.3 At secondary school level, higher intakes are expected from 2017/18 reflecting the earlier growth in primary schools coming through. There is some capacity in the secondary school estate to take the initial increase in numbers but there will be a requirement for additional school places in the secondary school estate from 2018/19.

2.4 There are a limited number of primary school places needed but these are mostly for new housing and have some S106 funding. There is significant pressure on special schools as the number of pupils with specialist needs is increasing. The provision of school places can be broken down into three programme areas primary, secondary and special schools.

2.5 The costs currently shown within the Programme do not include any land costs and are based on high level benchmark figures and, as such, work needs to be undertaken to validate and refine the costs for each school over the next 6-9 months. This will provide more accurate cash flows, greater cost certainty, clarity of the issues and the programme to achieve the required completion of works.

2.6 There are a number of issues to be considered as a result of the need to drive down costs including school expansions will not provide for reorganisation of the school, resolution of historical issues or additional scope above the basic need requirement that will be to a baseline specification.

2.7 Whilst the costs can be driven down, the impact of the Education White Paper and academisation need to be noted. As schools convert to academies, they cannot be directed to expand and are likely to object to the scope of works prior to agreeing expansion, leading to potential increased costs. As schools become academies, they will transfer from being a Council asset (subject to a 125 year lease) to the private sector; incurring a cost to the Council for no additional value.

2.8 A Free Schools Strategy has been developed that will reduce the costs to the Council of new schools. Free schools are being considered as there are a number of new build schools with land in all three of the programmes that could be pushed forward. Free schools are funded by the Education Funding Agency and, as such, will reduce the funding requirement of the Council. Whilst the grant for schools may be reduced as a result of the provision of a free school, as the programme is significantly underfunded, it will help to reduce the funding gap and be beneficial to the Council.

3. ICT Strategy Programme

3.1 The business has a fundamental dependency on a basic level of foundation infrastructure in order to be able to function. A substantive proportion of the ICT Strategic Investment bid is for operational activity, essential to keep working the foundation services that support the rest of the organisation.

3.2 Continued investment in provisioning operational services keeps the Council's technology tools up to date and working, to ensure that as an organisation, contractual support obligations are maintained and ESCC remains secure, resilient and compliant.

3.3 In order to stay ahead of business user expectation, investment in developing current systems is similarly fundamental. Failure to keep pace with technological evolvement will, in the short-term, paralyse the infrastructure, rendering it out of step with the organisation. The current development activity will become the future operational activity. Failure to build upon the technology investments already made will leave the Council ill-prepared for the future, compromising the ability of the infrastructure to support the business in achieving its goals, making it difficult to share business information securely with partners and access it more flexibly across traditional boundaries. Lack of foundation IT growth will inhibit other parts of the organisation from growing and transforming.

4. Property Building Maintenance Programme

4.1 The funding for maintenance covers schools and non-schools. For schools, the level of budget has been set at the level of the grant although this is lower than the level of funding needed to meet the condition backlog. The funding level is higher than in previous years when the capital grant was used for non-schools. This grant should now be used for schools or it will be at risk of reduction by the Department for Education in future years. In addition, the funding is insufficient for the total backlog of the non-schools estate and expenditure will be focused on the health and safety and critical works only. The risk of this is that as the estate deteriorates, there will be a funding pressure in the future due to not replacing items until they are life expired rather than through a programme of preventative works.

4.2 For non-schools, the corporate buildings costs include work related to legislation, statutory requirement, health and safety and urgent repair works. The money spent on capital will avoid higher running costs helping to reduce the cost of occupancy of corporate buildings.

4.3 Each year, the condition backlog will be reviewed again as condition surveys are updated (buildings come into and go out of the portfolio), new legislation is introduced and further essential requirements are identified. The figures that will be subject to change are those at the end of the programme (2021/22 and 2022/23).

5. Adults Social Care (ASC) and Children's Services Department (CSD) House Adaptations

5.1 For ASC and CSD, the only programme (other than school places) that will currently need funding from the 2018/19 to 2022/23 Programme is the housing adaptations programme. Although this is not a statutory duty, this investment enables individuals' assessed needs to be met whilst maintaining independence in their own homes (a key strategic objective), thereby reducing the potential for more costly revenue placements in specialist accommodation.

5.2 This allocation also enables close partnership working with the Borough and District Councils and access to Disabled Facilities Grants. As part of the development of the East Sussex Housing and Accommodation Strategy (including Borough and District Councils and Clinical Commissioning Groups) there may be a requirement for additional capital investment, which will be supported by a full business case.

6. Libraries

6.1 As part of 2018/19 budget setting, it was agreed at Cabinet that Libraries would form part of the basic need capital programme to maintain a certain level of service standards.

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Appendix 8

Reserves and Budget Robustness Statement

1.0 Reserves

1.1 The Council's approach to the management and accounting for earmarked reserves is set out in the Reserve Strategy adopted by the Cabinet in June 2017. The Reserves have been reviewed using the principles set out in the Policy ensuring that they are reflective of the Council's strategic agenda and the current financial risks and issues the Council faces through the medium term.

1.2 It is crucial to bear in mind that the reserves are the only source of financing to which ESCC has access to fund risks and one-off pressures over a number of years. If ESCC minimises the level of reserves too significantly there is a risk that in future, the ability to properly manage unforeseen or one off costs will be significantly hampered. Reserves can only be spent once and the possibility of creating new reserves in an era where budgets are tight and can become overspent, not just individually but corporately, is increasingly limited.

1.3 Reserves are a key element of the Council's financial management arrangements. Reserves can be broadly categorised as follows:

- **General Fund Balance** - a working balance to manage in-year risks if they cannot be managed via other mitigations. It is best practice for a well-run authority to hold such a balance to assist in delivering services over a period longer than one financial year.
- **Earmarked Reserves** - funds that are held to meet known or anticipated future one-off requirements, facilitating transformation and the management and mitigation of future financial risk and uncertainty.

The external audit undertaken by KPMG in June/July 2018 did not highlight any concerns about the level of general fund balance and reserves held by this authority.

1.4 ESCC General Fund Balance and Earmarked Reserves are estimated to total £93.2m as at 1st April 2019: an estimated reduction of £16.1m against the actual reserves at 1st April 2018 totalling £109.3m. Movements are:

- Estimated reduction of £6.5m in statutorily ringfenced reserves: mainly due to planned use of £4.1m from Public Health and £2.3m from On Street Car Parking.
- Planned use of £10.0m from the Capital Programme Reserve in 2019/20 (para 1.8).
- There has been a net nil movement of £1.1m between the Insurance Reserve and strategic reserves (para 1.8) for the outcome of actuarial review. Together with a £0.6m transfer from insurance provision to strategic reserves.
- Other net use of strategic reserves totalling £0.2m.

1.5 The estimated balance at 31st March 2023 is now £65.2m with use extending beyond the term of the current MTFP period. Of this £26.5m relates to available strategic reserves: this position represents the known planned use for these reserves. The current reserves position is summarised in the table below.

Table 1: Summary of Reserves

	At State of the County July 2018 (£m)		Full Council February 2019 (£m)	
	01.04.18 Actual	**Estimated Balance at 31.03.22**	**01.04.19 Estimate**	**Estimated Balance at 31.03.23**
Earmarked Reserves:				
Held on behalf of others or statutorily ringfenced	**24.7**	**18.0**	**18.2**	**15.8**
Named Service Reserves				
Waste Reserve	12.8	12.8	12.8	8.6
Capital Programme Reserve	21.0	0.0	11.0	0.0
Insurance Reserve	5.4	5.4	4.3	4.3
Subtotal named service reserves	**39.2**	**18.2**	**28.1**	**12.9**
Strategic Reserves [1]				
Risk	2.8	4.2	0.0	0.0
Financing	22.8	6.8	0.0	0.0
Financial Management	0.0	0.0	29.7	22.5
Priority Outcomes and Transformation	9.8	3.7	7.2	4.0
Subtotal strategic reserves	**35.4**	**14.7**	**36.9**	**26.5**
Total Earmarked Reserves	**99.3**	**50.9**	**83.2**	**55.2**
General Fund Balance	***10.0***	***10.0***	***10.0***	***10.0***
TOTAL RESERVES	**109.3**	**60.9**	**93.2**	**65.2**

[1] Following a review of Strategic Reserves, Risk and Financing have now been merged into Financial Management. The Reserves Policy has been updated and is attached at Annex A.

1.6 At 1st April 2019 the estimated Earmarked Reserves are as follows:-

1.7 **Held on behalf of others or statutorily ringfenced** amount to £18.2m – most significantly this comprises £10.7m schools balances which cannot legally be spent on ESCC activities, and ringfenced Public Health Reserve of £3.5m (Public Health grant is ringfenced until 31st March 2020).

1.8 **Named Service Reserves** that are set aside to manage a specific financial risk, amount to £28.1m and comprise of a:-

- Waste Reserve – to manage financial risks relating to the waste contract. These risks are reviewed and managed through this reserve on a 4 year rolling programme; the reserve is shown as reducing to reflect emerging risks, which include but are not limited to reduced recyclate prices increasing disposal costs, reduced recycling during collection contractor transition in the next two years, and changes in law/compliance with waste regulations/contractor policy change.
- Capital Programme Reserve – to support the Council's Capital Programme and to reduce the need to borrow and the consequential increase in pressure on revenue budgets. It will reduce to zero over the life of the programme to 2023.
- Insurance Reserve – based on actuarial review of insurance liabilities that have arisen over previous years, this represents the liability that the actuary estimates may become payable in 2019/20 and beyond. The latest report reduces the required funds to £4.3m releasing £1.1m, the balance for provision reducing by a further £0.6m. The reduction has been split between Strategic Reserves: £1.0m to Financial Management and £0.7m to Priority Outcomes and Transformation.

1.9 Following review of the **strategic reserves**, and reflecting feedback from the Audit Committee, the policy has been updated to simplify the reserves held, reducing them from three to two. These are as follows:-

- The Priority Outcomes and Transformation reserve – to fund the transformation programme to change, protect and improve Council services.
- A Financial Management reserve (now combined with the financial risk reserve) – to manage the potential financial consequences of risks recognised in the Council's risk management arrangements and the Chief Finance Officer's (CFO) robustness statement, and to enable the effective management of the medium-term financial strategy and investment strategy.

1.10 There has been a movement on the strategic reserves since they were last reported; they are now estimated to be £36.9m at 1st April 2019 (revised from £35.4m at State of the County). The balance at 31st March 2023 of the strategic reserves was estimated to be £14.7m at State of the County and is now estimated at £26.5m. The key movements in these balances are as follows:

- Priority Outcomes and Transformation reserve – a net increase of £0.3m due to the part allocation of £0.7m from the reduced insurance reserve (para 1.8), offset by new allocations of £0.4m.
- Financial Management reserve (formerly Risk reserve and Financing reserve) – an increase of £11.5m, movements shown in Table 2 below.

Table 2: Movements in Financial Management Reserve

Narrative	**Movement**
New funding has allowed a contribution to be made to reserves. This will be held to manage MTFP peaks, implementation of the core offer and other unforeseen events.	£4.8m
National Living Wage (NLW) - a provision of £4.7m was set aside to mitigate the pressure arising from NLW in 2018/19 and 2019/20. Once the pay award for 2018/19 was finalised, £1.7m was utilised for that year, with the remaining £3.0m to be fully used in 2019/20. This has left a one-off surplus in 2018/19 of £3.0m.	£3.0m
Estimated outturn position 2018/19	£1.7m
The 2017/18 final position advised by Districts & Boroughs for business rates and collection fund.	£1.4m
A top up from the insurance reserve of £0.4m and transfer of provision balance of £0.6m (per para 1.8).	£1.0m
Contribution to the capital programme	-£0.6m
Total Movement	**£11.5m**

1.11 It is increasingly important to hold sufficient reserves, and the Council's reserves increasingly play a crucial role in the robustness of its financial planning given the uncertainty around future local government funding. It therefore continues to be a priority to, where possible, bolster the Financial Management reserve with any unused contingency, once the final outturn position is known, and other one-off funding.

1.12 Additionally it is proposed that, as in previous years, any changes to Business Rates and Collection Fund be managed through reserves. Details of the reserves summarised above can be found in the Budget Book at Appendix 2. The Chief Finance Officer Statement on Budget Robustness follows.

2.0 Chief Finance Officer Statement on the Budget Robustness

2.1 Section 25 of the Local Government Act 2003 places a statutory duty on the Chief Financial Officer (CFO) to review the Medium Term Financial Strategy and comment upon the robustness of the budget and the adequacy of the reserves to be held by the authority when it is making the statutory calculations required to determine its Council Tax or precept. The authority is required to take this report into account when making that decision.

2.2 Section 26 of the Local Government Act 2003, places an onus on the CFO to ensure the authority has established a minimum level of reserves to be retained to cover any unforeseen demands that could not be reasonably defined within finalising the proposed budget.

3.0 Report of the Chief Financial Officer on the robustness of the 2019/20 budget proposal.

3.1 It is the opinion of the CFO that the draft budget for 2019/20 is based upon a sound financial strategy that will enable the Council to deliver its proposed Council Plan successfully.

3.2 Both the Revenue Budget and Capital Programme have been formulated having regard to a number of factors including funding availability; risks and uncertainties; inflation; priorities; demography and service pressures. The development of the Core Offer, although not specifically about setting a balanced budget, has enabled the Council to engage nationally and locally with Government Ministers, MPs and local partners and stakeholders to set out what level of services the residents of East Sussex should expect from a well-run, financially sound authority.

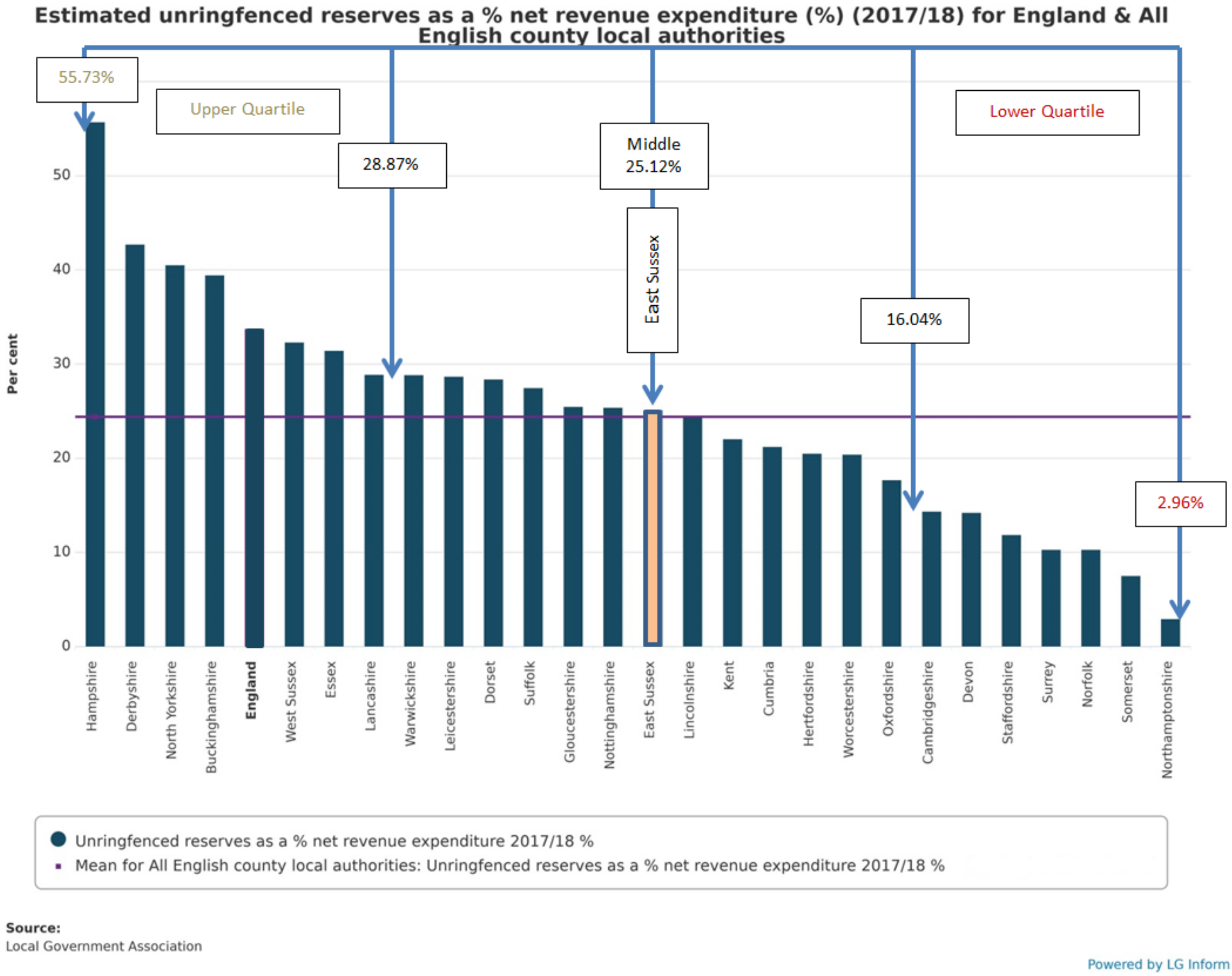
3.3 As the development of the Council Plan and budget for 2019/20 has progressed, the position has been subject to reviews with Chief Officers, other officers and Members, including Cabinet and Scrutiny Committees. Due consideration has also been given to reconciling the over-arching financial strategy with corporate priorities and hence all the proposals have been developed as an integral part of service planning (the process known as Reconciling Policy, Performance and Resources).

3.4 The 2019/20 budget is balanced and, in finalising the draft budget, consideration has been given to unforeseen issues that could arise during the year and ensuring that those risks can be managed. The strategic risk register has been reviewed and an analysis of ESCC's financial position in the current year has been carried out, to identify direct impacts and risks that are inherent within the 2019/20 budget. Notwithstanding that the draft budget for 2019/20 is balanced, there are significant risks to the budget, arising from the continued growth in social care and other service pressures together with the work required to progress towards the Core Offer. The Core Offer is not about setting a balanced budget, more about what agreed service level can be delivered; it has allowed engagement both locally and nationally on what the financial pressures on local authorities will mean. The County Council holds a general contingency of £3.5m to cushion the impact of unexpected events and emergencies in year (within the base revenue budget). Additionally there is a sum (agreed at State of the County) for potential additional borrowing for the capital programme of £7.5m.

3.5 Increasing the Council Tax will provide a more sustainable and increased income to the Council which will help to protect services. Implementing the 2.99% precept will support and help protect services that are already under significant pressure.

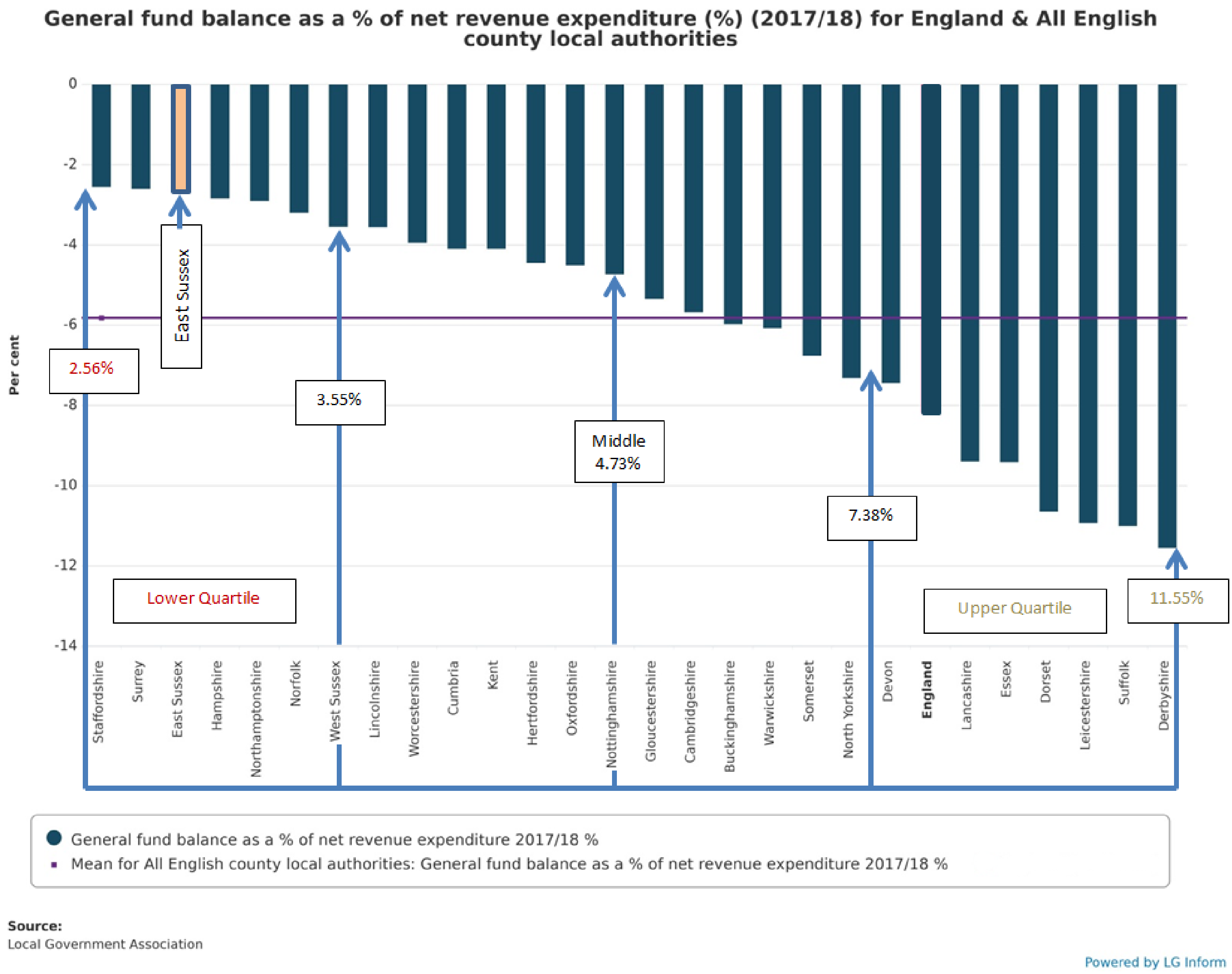
3.6 The **Adequacy of Earmarked Reserves** has been reviewed and is considered reasonable. The approach remains to take every opportunity to increase reserves to help future proof Council services during this time of financial uncertainty and given a spike in pressures in 2020/21. The strategic reserves of £26.5m remain available for smoothing the MTFP and mitigating any delayed achievement of savings, the core offer and any unforeseen events arising. In support of this consideration, graph 1 below shows the LGA's analysis of unringfenced reserves as a % of net revenue expenditure in 2017/18. This shows the Council to be placed at 14th out of the 27 shire counties, with reserves at 25.1% of net revenue expenditure. Even after applying estimated use in 2018/19 this would still see the county at 25.8% of net revenue expenditure.

Graph 1: Unringfenced Reserves as a % of Net Revenue Expenditure 2017/18



3.7 For the **General Fund Balance** there are two main approaches taken by Councils to determine their required minimum level: either by a straight percentage of the Council's current spending: or an assessment of risks and the impact identified risks will have on the Council's overall financial position. The Local Government Association has provided some benchmarking data which shows that in 2017/18, the Council was ranked 25th out of the 27 shire counties in terms of general fund balance as a % of net revenue expenditure, see Graph 2 below.

Graph 2: General Fund Balance as a % of Net Revenue Expenditure 2017/18



3.8 The challenge is to maintain an appropriate level of reserves, whilst also mitigating the pressures faced within the MTFP.

3.9 A risk-based assessment of issues, which could have a major impact on the Council's finances, provides a more flexible and responsive approach that better reflects the continuously changing environment within which Local Government has to work. This approach will take into account the type of risk, the potential magnitude of the financial risk and a judgement as to how likely the issue is to arise. Table 3 below identifies a number of the high level risks that may have financial implications, which assist in determining the required minimum level of General Fund Balance to be retained.

Table 3: Financial Assessment of 2019/20 Risks

Risk	Potential magnitude	Estimate of potential impact	Magnitude £m
Growing demand for services is already impacting on service budgets particularly in Children's Services (CSD) and Adult Social Care (ASC). Service departments are forecasting a £5.0m overspend in 2018/19 [Q2.5 position].	ASC 2019/20 budget £171.3m. CSD SEND budget for 2019/20 £9.2m.	2% increased unfunded demand	3.6
Risk that inflation on utilities and other areas where budgets were not uplifted for inflation become unmanageable within budget allocations.	Total utilities and other budget 2019/20 circa £78m.	3% increase in current provision.	2.3
Delivery of the core offer is complex and plans still to be finalised. Therefore a risk exists that it will not be possible to make the planned service changes within the timeframe required.	Impact of moving to core offer is £5.1m.	20% non-achievement	1.0
Non achievement of Fees & Charges targets built into the revenue budget, due to the continuing economic climate.	Planned Fees & Charges for 2019/20 is £62.5m.	Underachievement provision of 5%	3.1
Business Rate Revaluation and forecasting risk significantly increases risk of inaccurate forecasts.	Reduction in anticipated revenue from Business rates local share of £39.1m.	Rates collected reduces by 5%	2.0
Changes in historic weather patterns may be being the potential for adverse weather conditions which may present the Council with additional unfunded costs. The impact of weather as opposed to additional prevention cannot be quantified.	Historic winter maintenance spend is circa £1.1m.	10% increase in costs due to adverse weather	0.1
Impact of Brexit:			
Inflation	Inflation provided in MTFP £10.8m.	5% increase in current provision	0.5
Infrastructure (e.g. transportation links; emergency planning)	£72.0m estimated highways infrastructure expenditure 2019/20 to 2022/23	2% additional cost	1.4
Unexpected Costs (e.g. additional trading standards officers; waste collection; service delivery etc.)	Estimated net budget for ESCC in 2019/20 is £375.1m.	1% increase in costs	3.8

3.10 Taking everything into account, the General Fund Balance of £10.0m, is sufficient based on professional judgement which, given the level of risks, is a minimum general balance and remains lower proportionately than a lot of other authorities. This is considered adequate on the basis that the budget balances for 2019/20 and that, in addition, as noted at 3.4, an in-year contingency is held.

3.11 The MTFP provides an estimated position for the next three years, shown at Table 4.

Table 4: MTFP Position

	2019/20	2020/21	2021/22
Estimated Annual Deficit / (Surplus) - non cumulative	£0.000m	£11.879m	£2.180m
Estimated Annual Deficit / (Surplus) - cumulative	£0.000m	£11.879m	£14.059m

3.12 We are balancing the budget for 2019/20, and although there are challenges and significant levels of uncertainty, the Council has a robust planning process and sufficient reserves, and will continue to strive towards a balanced position in 2020/21.

3.13 For future years work will continue to identify savings in a number of areas including the cost of operations and financing. In addition the effects of a number of national funding decisions will impact on the financial position. These are significant areas of change that currently are not fully understood and cannot be fully quantified but will have potential significant financial impact, and include:-

- Changes to the Local Government finance system to pave the way for the implementation of Business Rate Retention. As part of these reforms, the main Local Government grant will be phased out and additional responsibilities devolved to Local Authorities. This will be through incorporating existing grants including Public Health (effectively ending the ring fence) and Revenue Support Grant. The new responsibilities are as yet unknown and could bring significant risks to funding, particularly if they are demand led. Business Rate Retention will sit alongside the implementation of the outcome from the fair funding review, and the Government have announced they will aim for local authorities to retain 75% of business rates from 2020/21. Business rates will then be redistributed according to the outcome of this new needs assessment. It is not currently possible to estimate the impact of this on the Council until further detail is provided;
- The Comprehensive Spending Review: Central Government is set to review funding allocations to all departments, which will impact from 2020/21 but no information is available at this stage;
- The Fair Funding Review consultation and outcome; this will be the basis of the new needs assessment upon which business rates will be redistributed; and
- The Green Paper on the future funding of social care.

3.14 The uncertainty regarding the future finance system means it is increasingly important to hold sufficient reserves to manage this unquantifiable financial risk. Therefore it continues to be proposed that every opportunity should be taken to top up the Council's strategic reserves.

3.15 In addition to all these areas of uncertainty, the effects of Brexit on the economy of the country, the duties the Government expects us to carry out and the workforce available to both the Council and the service providers on whom we rely, particularly in the Care Sector, remain unclear. It will be an additional factor that we need to take into account as the details of any deal and the practical realities begin to emerge.

Annex A

Reserves and Balances Policy

1.0 Background

This policy sets out the Council's approach to reserves and balances. The policy has regard to LAAP Bulletin 77 "Local Authority Reserves and Balances", issued in November 2008.

1.1 In reviewing medium-term financial plans and preparing annual budgets, the Council will consider the establishment and maintenance of reserves for the general fund. The nature and level of reserves will be determined formally by the Council, informed by the judgement and advice of the Chief Finance Officer (CFO).

2.0 Types of Reserve

The Council will maintain the following reserves:

- A working balance to manage in-year risks, called the General Fund Balance;
- A means of building up funds to meet known or predicted requirements, called Earmarked Reserves.

2.1 Earmarked reserves will be maintained as follows:

- priority outcomes and transformation reserve: to fund the transformation programme to change, protect and improve Council services;
- financial management reserve: to manage the potential financial consequences of risks recognised in the Council's risk management arrangements and the CFO's robustness statement, and to enable the effective management of the medium-term financial strategy and investment strategy.
- named service reserves will be held specifically for the capital programme, waste contract risk and insurance risk.
- other reserves will be held on behalf of others (e.g. Schools) and/or statutorily ring-fenced (e.g. Public Health).

2.2 The Council will also maintain a number of other reserves that arise out of the interaction between legislation and proper accounting practices. These reserves, which are not resource-backed, are for accounting purposes and will be specified in the annual Statement of Accounts.

3.0 Principles to assess the adequacy of reserves

The CFO will advise the Council on the adequacy of reserves. In considering the general reserve, the CFO will have regard to:

- the strategic financial context within which the Council will be operating through the medium-term;
- the overall effectiveness of governance arrangements and the system of internal control;
- the robustness of the financial planning and budget-setting process;
- the effectiveness of the budget monitoring and management process

3.1 Having had regard to these matters, the CFO will advise the Council on the monetary value of the required general reserve.

3.2 In considering specific reserves, the CFO will have regard to matter relevant in respect of each reserve, and will advise the Council accordingly.

4.0 Underspends

The process for determining the specific use of any underspend will be based upon the principles of effective financial management. Therefore underspends will not automatically be carried forward via reserves, nor will they only be available to the service that has identified the underspend.

4.1 Periodically during the year, Services will be asked to submit business cases for the use of underspend. Business cases will be determined by the CFO in conjunction with the Corporate Management Team. These will then be held in a Strategic Reserve.

5.0 Use of reserves

Members, as part of agreeing the budget, will agree the policy for drawdown of reserves on the advice of the CFO. Use of reserves will be approved by CMT and reported to Cabinet as part of the RPPR monitoring process.

5.1 The CFO will monitor the drawdown of specific reserves in accordance with the agreed policy, and keep Members advised.

Appendix 9

1. East Sussex Strategic Wider Partners

1.1 The Leader and Deputy Leader, supported by officers, met with representatives of the public, private and voluntary and community sectors (VCS) and service user groups on 12 December 2018. The meeting provided an opportunity to update partners on the Council's Core Offer approach, continuing challenging financial position and to gather views on the planning being undertaken in response. The presentations included the budget plans and priorities for 2019/20 and the medium term financial period (2019/20-2021/22). 21 partner organisations and service user groups were represented at the meeting and ESCC is grateful to all partners for the comments and feedback provided.

1.2 The following issues were discussed in the meeting:

- The Core Offer approach was broadly welcomed by partners who also appreciated the honesty and transparency about the scale of the financial challenge. It was confirmed that the Core Offer set out in the Reconciling, Policy and Performance papers agreed by Cabinet on 13 November covered all services delivered by the Council and outlined the services that were proposed not to be included in the Core Offer.
- The Core Offer engagement survey that had been published in mid-November was discussed and it was noted that detailed consultation, including Equality Impact Assessments, would be undertaken on any savings proposals in the 2019/20 budget that would result in service changes.
- Concerns were raised that Question 2 of the survey, '*Which of these options would you prefer to keep East Sussex within its financial means?*', had limited engagement as respondents were deterred by the requirement to select the option to either raise Council Tax by 23% over the next three years to maintain services or reduce the range of services on offer. While it was appreciated that the question was difficult to answer, it had helped raise awareness of the real and very difficult decisions Members faced to deliver a balance budget. Although business rates and housing growth could improve the Council's financial position over the long term, they would not generate the revenue urgently needed. It was suggested that it could be clarified that the 23% increase would apply only to ESCC's element of Council Tax, but as ESCC's precept formed the largest part of residents' Council Tax bills the increase would still be significant.
- There were concerns that the proposed Core Offer for Special Education would exacerbate challenges already in the system, including delays in assessment of SEN, reducing trust families had in the service; and increase costs by reducing preventative activity to encourage schools to remain inclusive. ESCC acknowledged that reducing early help and preventative services was counterintuitive and could result in additional future costs (on ESCC and partners) but there was a balance to be struck to maintain urgent services for those children with the highest needs and some early help services where their loss would result in an immediate escalation in need. ESCC would continue to work with schools to promote inclusivity, including through trying to improve schools' allocations through the Dedicated Schools Grant to enable them to be as

inclusive as possible. Any changes to the Special Education service offer would be subject to detailed consultation before they were adopted and relevant partners and representative groups would be consulted as part of that to identify and mitigate possible adverse outcomes.

- ESCC was concertedly lobbying Government - individually, with partners and with others in the sector - for sustainable funding and had emphasised that cuts to preventative and early intervention services were counterproductive. The message appeared to be being heard and it was hoped that the Comprehensive Spending Review and new Fair Funding Formula would go some way to address the sustainable funding of Local Government. The Council modelled future costs and pressures and specific work undertaken in Children's Services had demonstrated the link between prevention and curbing rising service costs.
- Changes to services across sectors and providers were having a cumulative impact on residents and driving crisis situations for some, including in housing for younger people. ESCC was aware that all parts of the public sector were expected to do more with less and worked closely with the Borough and District Councils to make the best use of resources to support vulnerable residents across services. ESCC had also made numerous bids for grants and funding streams to maximise funding and had received additional funding for homelessness prevention among Care Leavers.
- The impact of savings on provision for vulnerable children was also raised and ESCC was acutely aware of the pressure being placed on Foster Carers and vulnerable children. No reductions in support for Looked After Children were proposed in the 2019/20 budget cycle in recognition of the rising number of Looked After Children and the continued need to recruit new Foster Carers. The language used in reports would be reviewed to clarify that changes to legal obligations for care leavers had created financial pressures rather than 'burdens.'
- The Council remained committed to recognising Social Value in its tendering process. ESCC commissioned services at a range of levels and geographies with partners, including health, to achieve the best outcomes possible within available resources. ESCC was working with the Clinical Commissioning Groups through East Sussex Better Together to integrate health and social care services and Delayed Transfers of Care had significantly improved as a result. A Care Quality Area Review in 2018 had also commended the joint working across the East Sussex Healthcare System. Ongoing work was needed to ensure all additional funding, including the additional funding for Winter Pressures, was used appropriately and did not increase costs in any part of the system.
- ESCC would continue to collaborate with partners in response to the financial challenge. It was agreed by all that residents' continued to have needs even if resources were no longer available to provide services or eligibility changed. It was agreed to be vital for all sectors to work together to make best use of the resources available. The important role that the VCS played as service providers was acknowledged and welcomed. The joint review that was underway to reset the way the two sectors worked together was highlighted. This annual partner engagement meeting only formed part of an ongoing conversation between sectors and providers. East Sussex strategic partners also met regularly collectively and separately in other forums. It was reinforced that any changes to

services was subject to detailed consultation with full consideration given to all relevant issues.

- The lobbying partners and service user groups were doing, including through national alliances, to raise awareness of the need for sustainable funding for services was welcomed.
- The significant contribution older residents made in the county and the value that they provided to organisations such as Healthwatch through volunteering was recognised.
- ESCC had worked hard to significantly reduce its agency spend while recognising that agency workers helped to meet need and specialist skills, particularly in hard to recruit areas.

2. Public Sector Partners

The Chief Executives of the Borough and District Councils and representative of the East Sussex Fire and Rescue Authority met on 18 December and welcomed the presentation on the budget proposals and the core offer given by Becky Shaw. Chief Executives commented that;

- The growth in use of one off funding pots made planning difficult and were very difficult to use sensibly
- Agreed interest in councils discussing:
  - Joint working on housing /homelessness
  - complaints/LGO/FOI (in context of social activism)
  - Looking at most expensive families and
  - Working with wider Public sector leaders about impact of all partners' changes on localities

3. Scrutiny Committees

People Scrutiny Committee RPPR Board

3.1 The People Scrutiny RPPR Board discussed in detail the savings and draft Portfolio Plans for the Adult Social Care and Children's Services Departments at its meeting on 10 December 2018. The meeting was attended by Councillors Davies (Chair), Clark, Ensor, Field, Galley, Sheppard and Webb. Set out below is a summary of the key matters on which the Board sought clarification, together with its concluding remarks in relation to each Department.

Adult Social Care

3.2 With regard to the savings plan, the Director clarified that the average spend on the social needs element of the Working Age Adults activity is significantly higher in East Sussex than in other local authorities in the region. Furthermore, initial findings indicate other local authorities have achieved these lower levels of demand via the deployment of more effective signposting practices. It was also clarified that there is no direct evidence that savings in this area will be shunted across to other organisations, such as voluntary groups. However, the Director confirmed that the Department will, if the saving is agreed, undertake consultation and an Equality

Impact Assessment so as to ensure it understands the implications of savings for this area of activity.

3.3 With regard to Meals in the Community, it was clarified that the full cost of the meals is between £4 and £8 and that the withdrawal of the £4.10 subsidy will mean clients will need to meet the full cost themselves. The Director also confirmed that the saving for the Meals in the Community activity will be a part-year saving and that with regard to the Working Age Adults activity, the Department expects to make a full year saving in 2019/20.

3.4 With regard to the Adult Social Care and Health draft Portfolio Plan, the Director confirmed that funding for the Better Care Fund for 2019/20 is in place. However, the Director also confirmed that the additional £2.6m funding for the following year will be managed through the Better Care Fund assurance process and that this will mean the NHS will have greater control over how this funding is spent in future.

3.5 The Director clarified that the reductions in Income and Net Recharges listed in the Revenue Budget are the result of changes in how the Department and the NHS work together. For example, more NHS nursing staff are now seconded to the Department.

Concluding Comments to Cabinet

3.6 Given the scale of savings previously required of Adult Social Care, the Board agreed that the savings identified for the next financial year are relatively modest. Furthermore, Members were grateful for the work undertaken by the Department and agreed that in the context of the Core Offer, the proposals are realistic. However, the Board expressed a particular concern regarding the proposed removal of the subsidy described under the Meals in the Community activity. The Board therefore asked that Cabinet are mindful of the potential impact of this proposal on the finances of the most vulnerable service users which this subsidy supports.

3.7 In addition, the Board asked that the wording under the Operating Principles section of the Adult Social Care and Health Portfolio Plan be amended so that the Strong Partnership item includes reference to working in partnership with voluntary organisations.

Children's Services

3.8 With regard to the Safeguarding Services activity listed in the savings plan, the Director informed Members that the Department had developed a proposal which represents the 'least worst option' available to it. The only other significant potential source of savings within the Safeguarding service area available to the Department relates to the number of social workers it can deploy. However, the Department is clear that reductions in this area would have a much greater negative impact on the vulnerable children and young people this activity area supports.

3.9 In response to a query regarding the savings plan for Early Help activities, the Board were informed that the Department's strategic review of this area is ongoing.

As a result, Members would be given an opportunity to comment on a detailed Early Help savings plan early next year.

3.10 The Board expressed concerns about the impact of proposed savings on school attendance (under the I-SEND: Inclusion Services activity). In response, the Department agreed that attendance in East Sussex is a particular challenge. However, given the necessary reduction in funding for preventative services, the Department had reluctantly concluded that it would not be able to provide the same level of direct working with parents as before. The Department also confirmed that it retains some statutory responsibility in this area and support for this will continue (for example, with regard to instances of very poor school attendance). Members were also informed that schools retain a responsibility to promote high levels of school attendance.

3.11 In response to the Board's questions regarding the impact of the savings plan for the Standards and Learning Effectiveness Service (SLES) activity, the Department confirmed that its strategy in recent years had been to focus on supporting schools to support themselves. The Department believes this strategy had left schools better placed to cope with the reduced levels of support it will be able to offer in future, although the Department was clear that there was an increased risk that some schools will underperform in future.

3.12 The Board queried the lower than national average target relating to the proportion of pupils in all schools who will achieve the expected standards at Key Stage 2 (Performance Measures and Targets in the draft Portfolio Plan). In response, the Board were informed that this was an area of continuing challenge for the Department and schools. Whilst the Department was ambitious and there had been some improvements this year, the targets represent a realistic picture of what it believes can be achieved in the coming three year period.

<u>Concluding Comments to Cabinet</u>

3.13 The Board understood the difficult funding position facing the Children's Services Department. Within this context therefore, the Board recognised that officers and the relevant Lead Members had worked hard to deliver a realistic 'Core Offer' savings plan. However, and whilst accepting the difficult situation facing the Department, Members asked that Cabinet note the Board's regret at the impact of the proposed savings on services that support children in the county.

Place Scrutiny Committee RPPR Board

3.14 The Place Scrutiny RPPR Board reviewed in detail the proposed savings and draft Portfolio Plans covering the Communities Economy and Transport (CET), Business Services and Governance Services Departments at its meeting on 17 December 2018. The board was attended by Councillors Richard Stogdon (Chair), Godfrey Daniel (Vice Chair), Martin Clarke, Chris Dowling, Claire Dowling, Nigel Enever, Pat Rodohan and Barry Taylor. The Board sought further information in relation to a number of the proposed savings and further clarification with regard to impact. In particular the Board examined how the savings, or additional income, are to be achieved and made comments about the timing of some of the proposed savings in year 3 of the MTFP. Set out below are the Board's agreed comments to Cabinet.

3.15 The Board highlighted two areas that it would wish to comment on to Cabinet:

- The Place Scrutiny Committee would like more detail of the proposed Orbis savings and their impact when they are available; and
- The timing of significant changes to CET services need to be carefully considered.

3.16 The Board considered that it could not comment fully on the RPPR process without seeing the draft Council budget. The Board agreed that it would like to hold another RPPR Board meeting in January to discuss and comment on the draft budget when it is available.

3.17 The Place Scrutiny Committee RPPR Board met for a second time on 15 January 2019 to consider the Council's draft budget for 2019/20. The board was attended by Councillors Godfrey Daniel (Chair), Martin Clarke, Chris Dowling, Simon Elford, Nigel Enever, Pat Rodohan, Stephen Shing and Barry Taylor. The Board discussed the revised Medium Term Financial Plan (MTFP) and the proposed savings for Communities, Economy and Transport (CET) and Business Services (Orbis).

3.18 The Board noted that the Council has made up the gap in savings by a variety of movements in the MTFP totalling round £11m, and is not looking at having to make additional savings affecting front line services. Some of the savings and additional funding are one-off amounts and therefore there may be a need for further savings if the Council's financial position does not change in the longer term following the Government's Fair Funding Review.

3.19 The Place Scrutiny Committee RPPR Board made the following additional comments to Cabinet on the proposed Council budget for 2019/20:

- The Board is relieved that the savings needed to close the budget gap and the impact on front line services, are not as severe as thought.
- It noted that some of the additional savings had been achieved through oneoff measures or increases in specific areas of funding, which may not be repeated in future years.
- The Board remains concerned about the financial position in the longer term and the possibility of the need to make further savings from front line services in future years, for example, from the Library Service in 2021/22.

4. <u>Trade Union Representatives</u>

4.1. A meeting was held with Trade Union representatives on 15 January 2019 to consult on the Council's 2019/20 spending and savings proposals.

4.2. The Leader of the Council opened the meeting and thanked the Trade Union representatives, and through them the staff, for another year of impressive and hard work. He reminded those in attendance that, although the last year had been challenging, staff's dedication had ensured the Council continued to provide many excellent services in difficult financial circumstances. For example, the work of the Children's Services Department had been recognised by an outstanding Ofsted rating. The Deputy Leader and Lead Member for Children and Families offered similar praise to the staff for their hard work.

4.3. The Leader said that the financial position for 2019/20 had been improved by the receipt of one-off Government funding. He believed that intensive lobbying by the Council over the past year had helped secure this funding and at the same time raised the Government's awareness of the growing pressures facing local authorities. Nevertheless, the financial position was still very challenging and would remain so over the Medium Term Financial Plan (MTFP) period up to 2022. He explained that the Council had a legal duty to balance its budget and that meant difficult decisions would continue in the coming years.

4.4. The Chief Executive summarised the contents of the Cabinet RPPR report and its appendices. The Chief Executive explained that it was important to consider the savings plans in the context of the £129m savings already made since 2010, the financial uncertainty ahead, and the increasing demand for services. Officers and Members were acutely aware of the impact that savings had had on staff, businesses and residents.

4.5. The Chief Executive said that the Council was committed to continuing to lobby Government, including in partnership with other local authorities and organisations where possible, and would focus its efforts on securing long term funding through the Comprehensive Spending Review, Fairer Funding Review, and Older People's Green Paper which were all expected in 2019.

4.6. The Trade Union representatives thanked Cabinet Members and officers for the opportunity to meet. It was agreed that, if required, further questions and comments from representatives who had been unable to attend the meeting could be submitted in writing ahead of the County Council meeting on 5 February.

4.7. The Trade Union representatives raised a number of questions and issues which were addressed as set out below.

Lobbying Central Government

4.8. Trade Union representatives welcomed the active lobbying the Council was undertaking and asked for details of the lobbying activities to date.

4.9. The Leader said that the recent year of lobbying Central Government for funding had been the most successful to date, particularly following the publication of the Core Offer in July and the subsequent press coverage it received. During the course of the year the Leader had written to a range of Government Ministers, including James Brokenshire, Secretary of State for Housing, Communities and Local Government, requesting the opportunity to meet. Meetings had subsequently taken place with Rishi Sunak, Minister for Local Government; Liz Truss, Chief Secretary to the Treasury; and Matt Hancock, Secretary of State for Health and Social Care, to discuss the pressures facing the Council, the urgent need for transitional funding for 2019/20, as well as the case for longer-term sustainable funding. In some cases the meeting included leaders of other local authorities. The Leader was assured that the Ministers had listened to and understood the Council's concerns, however, as all additional funding announced for 2019/20 was one-off, the job was not done and lobbying to convert the funding into long-term sustainable resources would be a priority for 2019.

4.10. The Trade Unions confirmed they had also been lobbying Government and the Leader thanked them and encouraged them to continue.

Core Offer

4.11. The Trade Union representatives welcomed the honesty of the Core Offer but were concerned that its publication had distressed some staff and created concern about the future of their roles and the organisation.

4.12. The Leader assured those in attendance that rather than being a ‘bare minimum’, the Core Offer represented the minimum service the local authority could provide whilst still delivering its duties and key priorities. He said that the Council would continue to provide support to those who needed it most.

4.13. The Leader apologised for any distress the publication of the Core Offer had caused members of staff. He said that it had been intended to start a conversation with a range of stakeholders about what level of service they could expect to receive from the Council in future years.

4.14. The Chief Executive added that the Corporate Management Team had worked hard to reassure staff about the purpose of the Core Offer but understood the potential for it to cause concern. The Council has robust employment policies and staff would be involved in any proposed changes to services, but the future funding level of local authorities, and therefore potential services the Council could offer, remained uncertain making the production of the Core Offer necessary.

4.15. The Deputy Leader recognised that the authority relied on the good will of staff in implementing difficult savings plans and that this good will was being stretched due to the number of years that savings had been required. He thanked them for their patience.

Unitary Authority

4.16. Trade Unions asked about the question of the future of the County Council and Local Government, which had been raised in the public conversation that had followed the launch of the Core Offer.

4.17. The Leader confirmed that there were no plans to create a unitary authority in East Sussex – which would only happen if there were agreement from all six local authorities – not least because it would be disruptive and costly at a time when difficult savings were being implemented across the Council.

English as an Additional Language service (EALS)

4.18. The Trade Union representatives had concerns that proposed savings in Children’s Services were eroding the years of investment in good practice that had delivered good outcomes. In particular, representatives were disappointed and concerned about the impact of the proposal to discontinue the English as an Additional Language service (EALS).

4.19. The Leader said that it was regrettable that the Council was proposing to no longer provide an EALS from April 2019, but he explained that it was a traded service that schools no longer wished to purchase. The Director of Children’s Services added that the EALS had been valued by its users, however, secondary schools at a Schools Forum meeting voted not to allocate funding to EALS from the de-delegated pooled budget. He confirmed that regrettably the service would not be viable as a primary school-only service; the Council was not in a position to provide the funds itself; and academies had declined to purchase from the service when approached. The Lead Member for ISEND has written to schools in light of their decision to request confirmation as to how they would continue to support children for whom English was not their first language. The potential closure of the service was now subject to formal consultation.

4.20. The Director of Children's Services confirmed, that guided by the concept of a Core Offer, the department would continue to provide core services for those in greatest need. The one-off funding for social care received for 2019/20 had enabled proposals to delay some savings to the 2020/21 financial year.

<u>Council Tax referendum</u>

4.21. Trade Union representatives noted that schools also lacked access to sustainable funding and there were concerns that schools were increasingly losing the ability to purchase important external services, including HR support. Given that there was ongoing national restriction in resources for public services, Trade Union representatives asked whether consideration had been given to costing ESCC's ideal service provision and funding it through holding a public referendum on a significant Council Tax increase.

4.22. The Leader explained that ESCC already has the fifth highest Council Tax rate of all county councils and one of the lowest wage economies. The Council had modelled the increase in Council Tax which would be required to avoid any savings over the MTFP period and it was around 23%. This would put a considerable strain on residents.

4.23. The Leader explained that around two thirds of the Council's budget is spent on children's and adult's social care, but those services were used by a small proportion of the population. It was therefore unlikely that residents would approve a Council Tax increase of 23% for no increase in the services they access on a day-to-day basis. Any such referendum would cost around £1m to conduct. The Deputy Leader added that in response to the Core Offer engagement survey, 78% of people consulted said that central government should pay for increases in the demand for services.

4.24. Finally, the Leader said that the main driver of ESCC's funding gap was the ongoing increasing demand for adult and children's social care. This meant that even a 23% increase in Council Tax would only be a temporary fix and future increases would be necessary. The Leader said he believed that the only viable long term solution would be for Central Government to find an appropriate and sustainable approach to providing and funding social care.

<u>Orbis and other partnership working</u>

4.25. Given the change in Leader at Surrey County Council, Trade Union representatives sought confirmation that all partners remained committed to the Orbis partnership.

4.26. The Leader confirmed that the new leader of Surrey County Council was committed to the partnership, interested to know more detail and to keep under review how Orbis worked.

4.27. Trade Union representatives also queried whether there was any intention to re-start devolution work.

4.28. The Leader explained that, as the Government had have moved away from encouraging local authorities to submit formal devolution proposals, the focus was now on taking up other opportunities to work together on strategic issues, such as the Transport for the South East Sub National Transport Body that would increase access to infrastructure funding in the region.

Health and Wellbeing of staff

4.29. Trade Union representatives raised concerns about the serious impact that closure and restructure of services had had on staff health and wellbeing and morale.

4.30. The Chief Executive confirmed that ESCC was very aware, particularly in the challenging financial circumstances, of the need to support the health and wellbeing of staff and confirmed that a number of initiatives were in place to assist with this. The Head of Human Resources and Organisational Development added that the wellbeing initiatives included the ability to ‘purchase’ days off; the availability of a staff discount platform; and a range of learning and development opportunities. These initiatives were well received but senior managers were mindful more could be done and welcomed further ideas from staff. Trade Union representatives confirmed that the arrangements in place were helpful.

Redundancies and redeployment

4.31. Trade Union representatives requested confirmation of the number of redundancies and redeployments made in 2018 and the number of projected redundancies as a result of proposed savings plans.

4.32. The Chief Executive confirmed that from January to December 2018 there had been a total of 253 Full Time Equivalent (FTE) redundancies of which 113 were in the Adult Social Care Department – due mainly to the changes to the Assessment and Care Management Service – and 71 were in schools. 28 people had been successfully redeployed, although the ability to redeploy staff had become more difficult as savings continued. It was expected that there would be a further 130 FTE redundancies during 2019/20; and a total of 230 redundancies were expected over the MTFP period.

Business Rates Retention pilot

4.33. Trade Union representatives requested further information and detail on the Business Rates Retention pilot that had been secured.

4.34. The Chief Finance Officer explained that East Sussex authorities had successfully bid to be a 75% business rate retention pilot. The pilot included the District and Borough Councils and East Sussex Fire and Rescue Service, and would give authorities 75% of the growth in business rates in the County providing £4.3m additional funding. Of this, ESCC would receive £4.6m. The pilot built on the existing East Sussex Business Rates pool and would be administered by Wealden District Council. The Pilot was for one year only and came with requirements to report to the Ministry of Housing, Communities and Local Government.

4.35. The Chief Finance Officer clarified that the pilot did not represent the potential income the Council would receive under the future business rate retention model, because it provides a share of the gains in business rate growth since 2013/14. The future business rates model, expected to come into force in April 2020, will not include this benefit. The Government's future model was subject to consultation and ESCC's response would be agreed by the Lead Member for Strategic Management and Economic Development in February.

Fees and Charges

4.36. Trade Union representatives queried whether the delegation to the Chief Finance Officer to approve increased fees and charges was for 2019/20 only or ongoing.

4.37. The Chief Finance Officer confirmed he had delegated authority to increase fees and charges for future years. Fees and charges which increased above inflation would be published as part of the RPPR budget report and quarterly monitoring for the Cabinet and County Council.

Adult Social Care and Health

4.38. Trade Union representatives asked what plans were in place in Adult Social Care to respond to ongoing demographic growth.

4.39. The Director of Adult Social Care and Health confirmed that demographic projections for East Sussex indicated a continued increase in the number of older people. The subsequent increase in demand for adult social care would require significant investment, which had been factored into the Medium Term Financial Plan. In addition, the cost of care homes will continue to increase above the rate of inflation due to wage growth.

4.40. The Director explained that within the context of this increased demand and increased cost of services, a number of funding streams would begin to fall away after 2019/20. These include the end of the one-off winter pressure funding provided for 2018/19 and 2019/20, and reduction in the amount received as part of the Better Care Fund (BCF), and Improved Better Care Fund (IBCF). It was also expected that the conditions the Government placed on BCF and IBCF funding after 2020 would include the need to focus their use on improving patient flows out of hospital, reducing the resources available for supporting other people in need, such as those with learning disabilities.

4.41. Local health and care organisations were required to produce a five year plan by October 2019 which included setting out how further integration between the NHS and local authorities would take place in line with the NHS Long Term Plan. In the absence of an Older People's Green Paper setting out the national direction for sustainable provision and funding of social care, and with reduced resources from 2020/21, this would be challenging. Nevertheless, ESCC and local health partners remained fully committed to integration to improve outcomes and reduce costs and a revised programme for integration would be considered by the Clinical Commissioning Groups' (CCGs) Governing Boards and ESCC Cabinet later in the year.

5. Young People

5.1 Becky Shaw joined the East Sussex Youth Cabinet's first meeting of the year on 20 January to discuss the role the Council plays East Sussex, the current context and the difficult choices the Council is having to make as a result of reduced funding from central government and growth in demand for services. The young people asked a number of questions about the Council's future prospects and the issues they felt the Council needed to consider in setting its spending and savings plans. The Youth Cabinet were keen to hear more about the choices facing the Council in future and to work with it in raising issues.

5.2 The key questions raised and discussed are set out below:

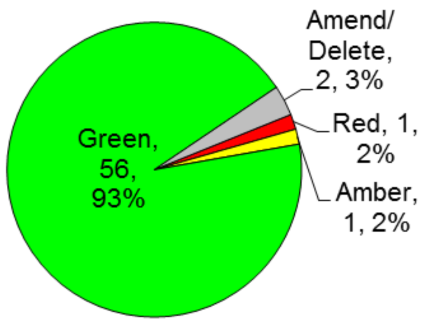
- Why is there less money?
- Can you explain the core offer?
- How will we measure who the most vulnerable are?
- How do you help parents who are struggling, but their needs aren't presenting as serious enough?
- What are other ways for ESCC to bring money in?
- Will it be effective to cut preventative services and focus on emergency/response services?
- When will the need for a core offer be over? Will the council ever be able to re-expand its services?
- How is mental health being prioritized in the core offer?
- Will funding be allocated to ensure a fully rounded education for young people?
- What can the Youth Cabinet do to help, especially with lobbying?
- What will be the impact of Brexit?
- How are you working with other organisations in East Sussex to help people?

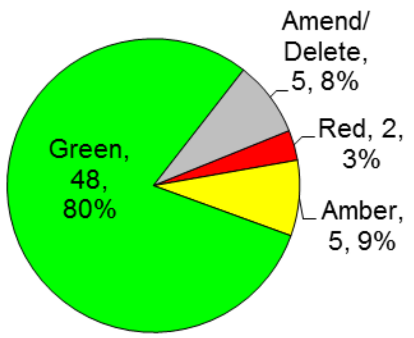
Council Monitoring Corporate Summary – Q2 2018/19

Council Plan performance targets

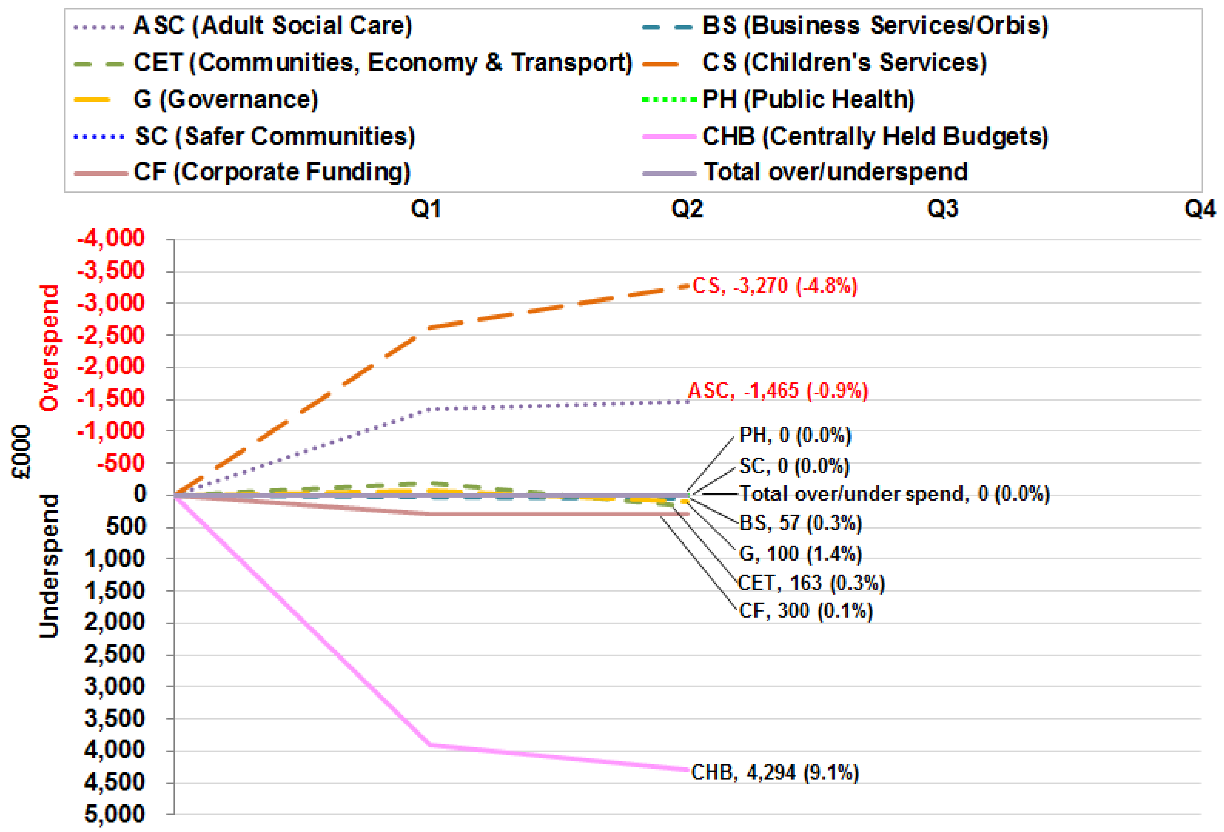
Priority	Red	Amber	Green	Amend / Delete
Driving sustainable economic growth	1	3	21	1
Keeping vulnerable people safe	1	2	7	1
Helping people help themselves	0	0	17	3
Making best use of resources	0	0	3	0
Total	**2**	**5**	**48**	**5**

Q2 2018/19	Q1 2018/19	Q2 2018/19
There are 60 individual measures in the Council Plan. • Appendix 2 ASC&H – 2 amber, 4 amend / delete • Appendix 4 CSD – 2 red, 3 amber • Appendix 5 CET – 1 amend / delete		





Revenue budget outturn (net £000)



APPENDIX 10

Revenue budget summary (£000)									
	Planned (£000)			Q2 2018/19 (£000)					
				Projected outturn			(Over) / under spend		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
Service Expenditure									
Adult Social Care	254,263	(89,193)	165,070	257,149	(90,614)	166,535	(2,886)	1,421	(1,465)
Safer Communities	522	(186)	336	363	(27)	336	159	(159)	-
Public Health	31,944	(31,944)	-	31,944	(31,944)	-	-	-	-
Business Services	47,521	(25,251)	22,270	47,079	(24,866)	22,213	442	(385)	57
Children's Services	320,483	(251,853)	68,630	326,588	(254,688)	71,900	(6,105)	2,835	(3,270)
Communities, Economy & Transport	115,787	(53,581)	62,206	116,276	(54,233)	62,043	(489)	652	163
Governance Services	8,152	(935)	7,217	8,267	(1,150)	7,117	(115)	215	100
Total Service Spend	**778,672**	**(452,943)**	**325,729**	**787,666**	**(457,522)**	**330,144**	**(8,994)**	**4,579**	**(4,415)**
Centrally Held Budgets (CHB)									
Treasury Management	23,236	(1,800)	21,436	22,636	(2,000)	20,636	600	200	800
Capital Programme	5,231	-	5,231	5,231	-	5,231	-	-	-
Unfunded Pensions	9,554	-	9,554	9,572	-	9,572	(18)	-	(18)
General Contingency	3,500	-	3,500	-	-	-	3,500	-	3,500
Contrib to Reserves	2,878	-	2,878	2,878	-	2,878	-	-	-
National Living Wage	3,021	-	3,021	3,021	-	3,021	-	-	-
Apprenticeship Levy	600	-	600	573	-	573	27	-	27
Levies, Grants and Other	831	(58)	773	861	(73)	788	(30)	15	(15)
Total CHB	**48,851**	**(1,858)**	**46,993**	**44,772**	**(2,073)**	**42,699**	**4,079**	**215**	**4,294**
Corporate Funding									
Business Rates	-	(76,181)	(76,181)	-	(76,481)	(76,481)	-	300	300
Revenue Support Grant	-	(14,966)	(14,966)	-	(14,966)	(14,966)	-	-	-
Council Tax	-	(280,344)	(280,344)	-	(280,344)	(280,344)	-	-	-
New Homes Bonus	-	(1,231)	(1,231)	-	(1,231)	(1,231)	-	-	-
Total Corporate Funding	**0**	**(372,722)**	**(372,722)**	**0**	**(373,022)**	**(373,022)**	**0**	**300**	**300**
Total	**827,523**	**(827,523)**	**0**	**832,438**	**(832,617)**	**(179)**	**(4,915)**	**5,094**	**179**
Balance of General Contingency to reserves	-	-	-	179	-	179	(179)	-	(179)
Final Total	**827,523**	**(827,523)**	**0**	**832,617**	**(832,617)**	**0**	**(5,094)**	**5,094**	**0**

APPENDIX 10

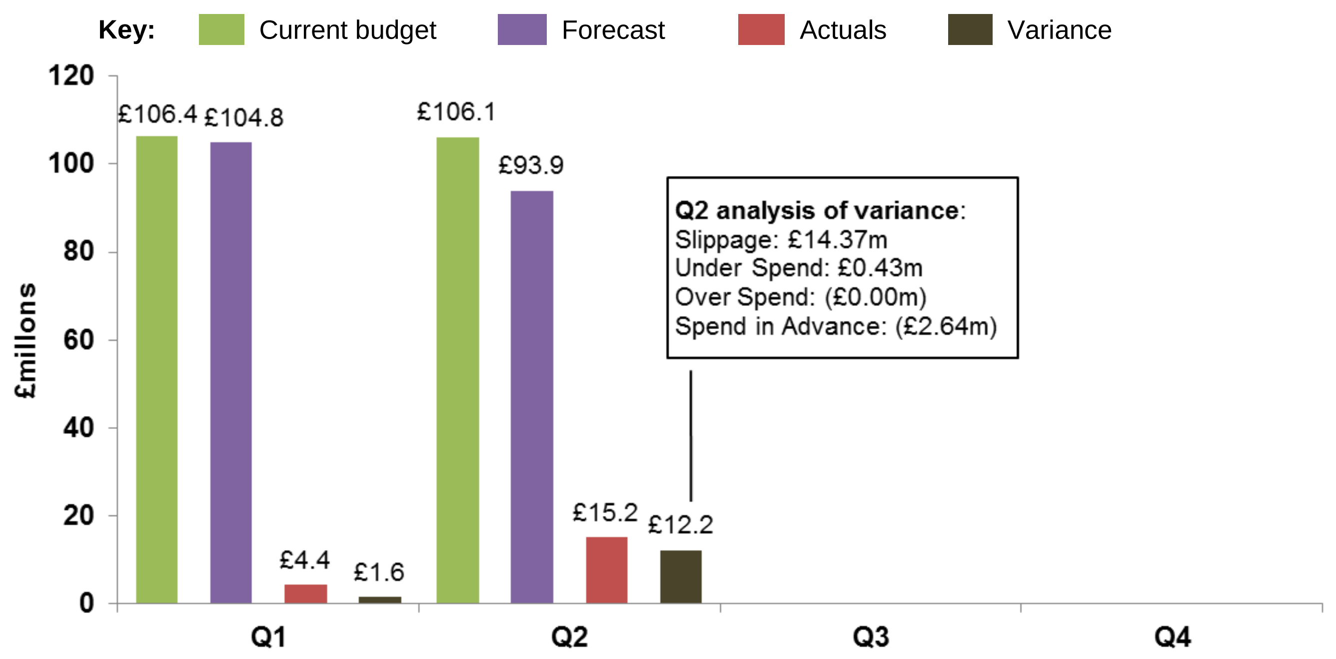
Revenue Savings Summary 2018/19					
Service description	2018/19 (£'000) – Q2 Forecast				
	Original Target [1]	Target including items c/f from previous year(s)	Achieved	Slipped	Unachieved
Savings					
ASC	2,245	3,567	2,349	1,218	-
ASC – ESBT	7,386	7,386	2,961	4,425	-
BSD / Orbis	1,396	1,046	1,046	-	-
CS	4,029	4,840	1,675	2,425	740
CET	1,942	1,942	1,655	287	-
GS	84	109	109	-	-
Total Savings	**17,082**	**18,890**	**9,795**	**8,355**	**740**
Variations to Planned Savings					
Permanent Variations	-	-	740	-	(740)
Total Permanent Savings & Variations	**17,082**	**18,890**	**10,535**	**8,355**	**0**
Temporary Variations - use of reserve approved at Cabinet Feb 18	-	-	1,648	(1,648)	-
Temporary Variations - other	-	-	6,674	(6,674)	-
Total Savings with Variations	**17,082**	**18,890**	**18,857**	**33** [2]	**0**

[1] For ASC/ESBT the revised savings target was approved at Cabinet in June 18. All other targets are as per Cabinet in February 18.

[2] The as yet unmitigated slipped savings of £33k sit in CSD and form part of the forecast overspend of £3.3m for that department.

Savings RAGs	
Achieved / Green	on track to deliver in the year
Slipped / Amber	on track to deliver but not in the year, and there may be an offset variation
Unachieved / Red	will not be delivered but there may be an offset variation

Capital programme (gross £ millions) – approved projects



Capital programme summary (£000)

Approved project	Total project – all years*		2018/19 (£000)						
			In year monitor Q2				Analysis of variation		
	Budget	Projected	Budget	Actual to date	Projected 2018/19	Variation (over) / under budget	(Over) / under spend	Slippage to future year	Spend in advance
ASC	13,070	12,927	1,625	191	850	775	143	632	-
BSD	291,743	291,743	34,057	8,025	30,783	3,274	-	5,127	(1,853)
CS	15,341	15,341	1,363	227	1,113	250	-	250	-
CET	616,494	616,205	69,054	6,738	61,198	7,856	289	8,356	(789)
GS	-	-	-	-	-	-	-	-	-
Total	**936,648**	**936,216**	**106,099**	**15,181**	**93,944**	**12,155**	**432**	**14,365**	**(2,642)**
Scheme Specific Income			38,445		33,540	4,905			
Capital Reserves			21,000		21,000	-			
Non Specific Grants			22,436		22,436	-			
Capital Receipts			7,607		3,393	4,214			
Revenue Contributions			8,902		8,775	127			
Borrowing			7,709		4,800	2,909			
Total			**106,099**		**93,944**	**12,155**			

*This includes current budget for all finite current projects plus 5 years of rolling programmes.

As the Capital Programme is fully financed, the variation of £12m has resulted in an opportunity foregone in the region of £200,000 per annum (based on an investment rate of 1.7% (Link Asset Services investment rates)).

Centrally held budgets (CHB) and Corporate Funding

The Treasury Management (TM) Strategy, which provides the framework for managing the Council's borrowing requirement, continues to reflect a policy of ensuring minimum risk whilst aiming to deliver secure realistic investment income on the Council's cash balances. Investment rates available in the market have marginally improved as a result of the BofE bank rate increase to 0.75% on the 2nd August. The average level of Council funds available for investment purposes during the quarter was £252m. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the Capital Programme. The total amount received in short term interest for the quarter to 30 September 2018 was £516k at an average rate of 0.81%. Since the 1 August the Council has invested in the CCLA Local Authority Property Fund, a pooled property vehicle. The first payment of dividends is expected in October 2018, forecasted to bring in an additional £32k of investment income for the quarter.

At 30 September 2018, the majority of the Council's external debt was held as long term loans (£264.9m), and no cost effective opportunities have arisen during quarter 2 to restructure the existing debt portfolio. However opportunities to restructure debt will be investigated during 2018/19 as and when options are made available. No short or long term borrowing was undertaken in the quarter.

The TM budget is currently forecast to underspend by £0.8m at quarter 2 (£0.5m in quarter 1); this is based on the position on the capital programme removing the need to borrowing externally in 2018/19, alongside additional investment income from the increase in bank rate at 2 August 2018 and as a result the investment in the pooled property fund (CCLA LAPF) raising additional income.

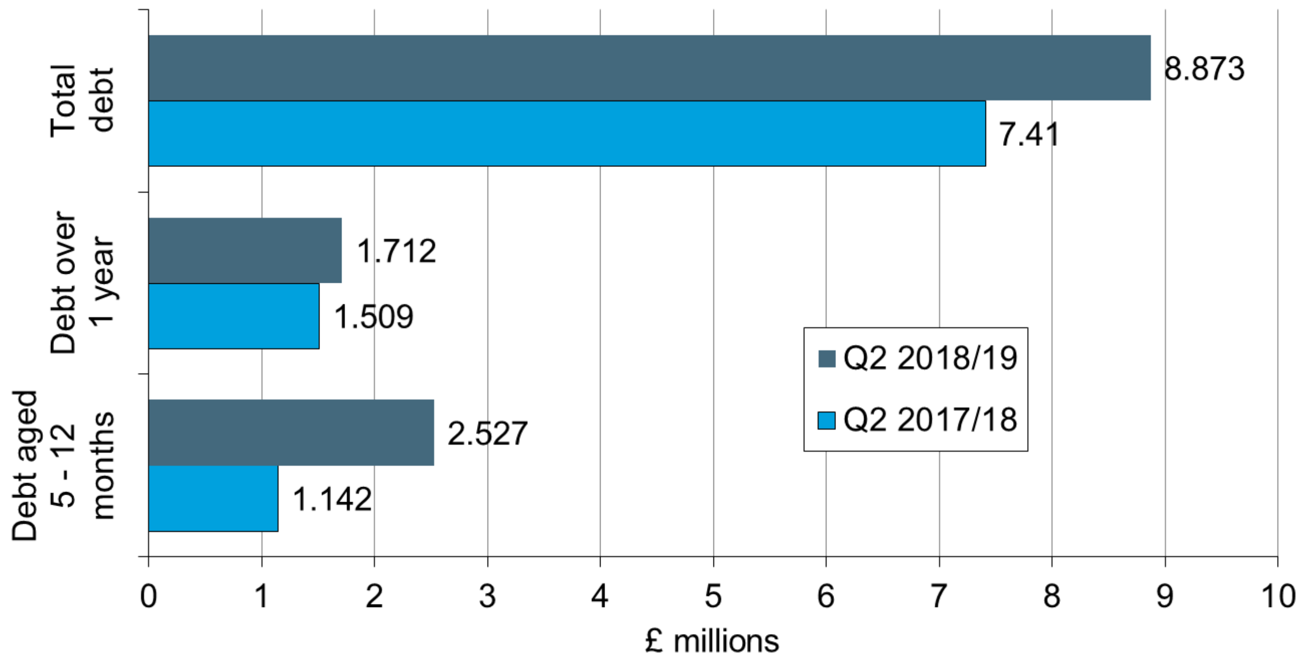
Centrally Held budgets include a general contingency provision of £3.5m. This will be used in the first instance to offset the service overspend. If there is remaining provision it would be transferred to reserves for use in future years, in line with the Reserves Policy.

General balances

The General Fund balance was £10.0m as at 31 March 2018. General balances allow the Council to manage unforeseen financial circumstances without the need to make immediate savings.

The Schools balances as at 31 March 2018 were £10.7m.

Outstanding debt analysis (£ millions)



The value of debt over 5 months at quarter 2 has increased by £1.916m when compared to the 2017/18 outturn of £2.323m. This is due to the rise in Clinical Commissioning Group (CCG) outstanding debt; currently £2.7m remains unpaid from quarter 4 in 2017/18. There are on-going and constructive discussions with High Weald Lewes Havens

CCG about the level of outstanding debts, which are anticipated to conclude successfully in the second half of 2018/19. Age Debt continues to be a high priority focus area with a continuous improvement approach to continually re-engineer systems and processes. Regular ASC debt case review meetings continue to ensure that the most appropriate steps are taken to recover debt promptly in consideration of the residents' circumstances and in accordance with the Care Act. The increase in total debt is due to the outstanding CCG debt at the end of quarter 2 this year compared to quarter 2 last year.

Adult Social Care and Health – Q2 2018/19

Summary of progress on Council Priorities, issues arising, and achievements

Adult Social Care

Health and Social Care Integration – The East Sussex Better Together (ESBT) system has seen a 6.1% increase in A&E attendances (6.2% for East Sussex Healthcare NHS Trust (ESHT) attendances) in 2017/18 compared to the national increase of 2%. In addition ESBT has seen an increase in non-elective emergency admissions of 13.4% (14.7% for ESHT admissions) compared to the national increase of 4%. The ESBT Clinical Commissioning Groups (CCGs) Urgent Care and Joint Commissioning team commenced a system wide urgent and emergency (UEC) demand driver diagnostic, which commenced in May 2018, to better understand what is driving the increases in demand across the system.

To deal with this increased demand in November 2018 a High Intensity User (HIU) service will go live in East Sussex.The HIU service (developed by NHS Blackpool) offers a robust way of reducing frequent user activity to 999, NHS 111, A&E, GP contacts and hospital admissions, freeing front line resources to focus on more clients and reduce costs. It uses a health coaching approach, targeting high users of services, and supports the most vulnerable clients within the community to flourish, whilst making the best use of available resources. The results for the patient cohort included were as follows:

- 999 calls were down by 89%.
- A&E attendances down by 93%.
- Admissions were down by 82%.
- 98% reduction in self-harm incidences.
- 44% reduction in police calls for the client cohort.

This approach has been replicated across the country and is now live in 41 CCGs with another 15 Health and Social Care areas going live in the next quarter to support winter pressures.

Better Care Fund (BCF) – There continues to be improvement against the key metrics as outlined in the iBCF:

- Delayed transfers of Care (DToC) (delayed days) from hospital per 100,000 population (aged 18+) has improved from 20.1 in July 2017 to 9.9 in July 2018.
- Performance in relation to permanent admissions of older people per 100,000 population (65+) to residential/nursing care for April to September 2018 is 240.6. Current forecasted performance is 481.2, therefore predicted to meet the target of 504.1 or less.
- Performance in relation to the proportion of older people (aged 65+) who are still at home 91 days after discharge from hospital into reablement / rehabilitation services for April to June 2018 is 90.7%, therefore the target of 90% or more is being met.

Delayed Transfers of Care (DToC) – DToC levels have continued to decrease. Between April and July 2018 there was an average 43 delayed transfers from hospital care per day this has improved from 93 in the same period last year (a 54% reduction). This can be broken down as follows:

- An average 34 delayed transfers from hospital care per day due to local NHS, this has improved from 56 in the same period in 2017 (a 39% reduction).
- An average eight delayed transfers from hospital care per day due to Council social services, this has improved from 35 in the same period in 2017 (a 77% reduction).
- One delayed transfer was attributable jointly to ASC and NHS.

New and more challenging targets have been set by NHS England through the Better Care Fund for 2018 **(ref i, ii and iii)**.

Support with Confidence – The current membership at the end of Q2 is 190; this includes 135 Personal Assistants and 55 businesses, nine of which are CQC registered. The scheme currently has 77 live applications pending approval.

Technology Enabled Care Services (TECS) – As at August 2018, 7,730 clients were receiving TECS. Review of medication management has produced options for exploration.

Health and Social Care Connect (HSCC) – Activity is only available for April to June at this stage. This is due to a backlog in referrals being recorded. 85% of Health and Social Care Connect referrals were triaged and progressed to required services within required timescales **(ref v)**. 92.4% of Health and Social Care Connect contacts were appropriate and effective (i.e. lead to the provision of necessary additional services) **(ref vi)**. This shortfall in performance is mainly due to HSCC holding 12 FTE vacancies for redeployment following the RPPR consultation process. Staff are due to transfer to HSCC at the end of October 2018 and recruitment is underway to fill remaining vacancies. It is anticipated that this will increase capacity and improve performance in order to meet the targets in Q3.

Safer Communities

Vulnerable Victims of Fraud & Scams – By the end of Q2, 104 organisations had joined the East Sussex Against Scams Partnership (ESASP) Charter and, with the assistance of other East Sussex 'SCAM champions', 2,487 residents have participated in Friends Against Scams awareness sessions which will hopefully reduce the likelihood of them – or people they know or care for – from becoming vulnerable victims of fraud and scams.

Cyber Crime, Cyber bullying and online safety – 10 Think Protect Connect sessions were delivered to East Sussex Schools in Q2. Think Protect Connect also formed part of the Local Safeguarding Children Board Practical Prevent training session delivered to frontline professionals in September and involved demonstrating how to use the resources with small groups of young people. This autumn we will be delivering a new online safety assembly and a workshop with specific ground rules around online behaviour and staying safe online as part of our Stay Safe Programme.

Recommissioning of the Substance Misuse Service – The Invitation to Tender documents were completed during Q2, and include the Substance Misuse Services Service Specification. These documents were written after consultation with local stakeholders and detail the needs of the county and outcomes for the new service. The provider tender process will commence in October.

Recovery Communities – Individuals from different walks of life and from all along the south coast came together at The De La Warr Pavilion in Bexhill on Wednesday 19 September to celebrate peoples' journeys in their recovery from substance misuse. The event gave people in recovery the opportunity to share their experiences and support one another. Feedback from the event was positive with 84% of evaluation respondents rating the event as excellent, and 100% saying they would be interested in attending another event in the future.

The % of people affected by rape, sexual violence and abuse who report, after at least 12 weeks of engagement with the service, that they are more in control of their lives and/or more optimistic about the future – Due to issues around data collection, some outcomes were not being collected when the service user left the service, affecting the reliability of the data. An improvement plan was agreed with the provider, including that they would use the Outcome on Exit form, as they do for the domestic violence measure, as opposed to Survivors Network Outcomes Forms (SNOF), to improve data quality. It is proposed to amend this measure to: When they leave the service the % of those affected by rape, sexual violence and abuse who have improved coping strategies **(ref iv)**.

Public Health

Public Health hosted an 'infection control in care homes programme' across East Sussex which is now well embedded across the county. Part funded by the three CCGs in East Sussex and the Council, it is a good example of joint working to promote health and reduce avoidable illness and hospital admissions in our vulnerable care home population. The programme provides high level training on infection prevention and control at no cost, to all care homes. It also includes ongoing support and advice and the opportunity for homes to receive a certificate of accreditation for changing practice in homes to improve care for residents in relation to infection control. A total of 152 homes out of 202 have infection control champions in place. This means that one or more members of staff in each home have attended training and cascaded the knowledge through the whole care home. A total of 77 homes have started their infection control audits which is a tool for them to evidence the improvements they have made. The homes also had access to oral health and hydration training. The programme continues until early 2019 when an ongoing 'mop up' and annual training sessions will continue.

Revenue Budget Summary

ASC – The current forecast outturn is an overspend of £1.465m **(ref x)**, comprising a £1.006m overspend in the Independent Sector **(ref viii)** and a £0.459m overspend within Directly Provided Services and Assessment and Care Management **(ref ix)**. The current position reflects two key pressures:

There are a range of service areas that have increased levels of demand and/or increased costs. These include the Integrated Community Equipment Service (ICES), which has seen a significant increase in demand during 2018/19; Extra-Care, where a re-tendering exercise has been undertaken following a provider being unable to fulfil the original contract; TECS, which has also seen an increase in demand across the duration of the contract to date; and an increase in the number and cost of independent sector care packages for working age adults.

The net budget of £165.070m includes in year savings of £10.953m **(ref vii)**. This includes £1.322m carried forward from previous years and £9.631m agreed for 2018/19. The savings will be delivered in part in 2018/19, however, the full year impact will not be realised until 2019/20, because proposals will need to be implemented in line with statutory and contractual responsibilities and duties. The part year impact of the savings proposals will be managed within the authority's overall Medium Term Financial Plan and the appropriate use of reserves and contingency funds including the use of the one-off grant from the Ministry for Housing, Communities and Local Government in 2018/19 of £1.616m.

In October, the Government announced £240m of additional funding for councils to spend on adult social care services to help councils alleviate winter pressures on the NHS, get patients home quicker and free up hospital beds across England. East Sussex has been allocated £2,585,651 for 2018/19; proposals for allocating this funding are given in the table below. This additional funding is intended to enable further reductions in the number of patients that are medically ready to leave hospital but are delayed because they are waiting for adult social care services. The funding has to be focussed on reducing Delayed Transfers Of Care, helping to reduce extended lengths of stay, improving weekend discharge arrangements so that patients are assessed and discharged earlier and speeding up the process of assessing and agreeing what social care is needed for patients in hospitals. It is therefore recommended that authority is delegated to the Director of Adult Social Care to determine how this additional money is spent across services in Adult Social Care to ensure that the funding is used for the purpose for which it has been provided to the Council, and achieving the best outcome for the Council's residents.

Public Health – The Public Health (PH) budget of £27.390m comprises the PH grant allocation of £27.270m and £0.120m of CCG income. In addition to the PH Grant £4.554m is being drawn from reserves to meet one off projects of £2.783m, Nurseries of £0.170m and £1.601m to fund Early Help **(ref xi)**.

Capital Programme Summary

The ASC Capital Programme for 2018/19 is currently projected to outturn at £0.9m, a variation of £0.8m.This is due to slippage on Greenacres of £0.2m and House Adaptations of £0.4m, and an underspend of £0.1m which is due to residual projects being removed from the programme.

NHS England has agreed to put forward £1.25m towards the capital development of the Greenacres site, with a further £1.1m to be met from capital receipts from Crowborough sites, bringing total agreed project budget to £2.35m. An additional £0.25m has been applied for from NHS England, and has been agreed in principle. Following further feedback arising from reviews of the site and project design, the costs of the proposed development are being reviewed and finalised prior to work commencing on site, in parallel with which, formal agreement from NHS England for the grant funding agreed in principle is yet to be received. The total cost is currently expected to be £3.161m. The additional amounts will be met from the additional £0.25m funding from NHS England and underspends within the remaining ASC Capital Programme.

Performance exceptions
(See How to read this report for definition)

Performance measure	Outturn 17/18	Target 18/19	18/19 RAG Q1	Q2	Q3	Q4	Q2 2018/19 outturn	Note ref
Priority – Helping people help themselves								
Number of hospital bed days lost due to delayed transfers from hospital care (Daily average)	42	**Amendment requested from** ~~50~~ **To** 39.8	G	AD			43.1	i
Number of hospital bed days lost due to delayed transfers from hospital care due to Council social services (Daily average)	13	**Amendment requested from** ~~13~~ **To** 11.5	G	AD			8.4	ii
Number of hospital bed days lost due to delayed transfers from hospital care due to local NHS (Daily average)	26	**Amendment requested from** ~~34~~ **To** 24.4	G	AD			33.5	iii

Performance exceptions (See How to read this report for definition)								
Performance measure	Outturn 17/18	Target 18/19	18/19 RAG				Q2 2018/19 outturn	Note ref
			Q1	Q2	Q3	Q4		
Priority – Keeping vulnerable people safe								
Measure amendment requested from ~~The % of people affected by rape, sexual violence and abuse who report, after at least 12 weeks of engagement with the service, that they are more in control of their lives and/or more optimistic about the future~~ **To** When they leave the service the % of those affected by rape, sexual violence and abuse who have improved coping strategies	N/a	80%	G	AD			71%	iv
Percentage of Health and Social Care Connect referrals triaged and progressed to required services within required timescales	86%	90%	G	A			85%	v
Percentage of Health and Social Care Connect contacts that are appropriate and effective (i.e. lead to the provision of necessary additional services)	96%	95%	G	A			92.4%	vi

Savings exceptions (Projected - Red = will not be delivered but may be mitigated; Amber = on track to deliver but not in the year (& may be mitigated); Green = on track to deliver in the year)					
Service description	Q2 2018/19 (£'000)				Note ref
	Target	Achieved	Slipped	Unachieved	
Savings					
Supporting People	3,300	733	2,567	-	
Assessment and Care Management	1,958	1,360	598	-	
Learning Disability Services	1,530	585	945	-	
Older People Services	1,274	-	1,274	-	
Strategy, Commissioning and Supply Management	590	428	162	-	
Discretionary East Sussex Support Service (DESSS)	390	363	27	-	
All Other Savings	1,911	1,841	70	-	
Total Savings	**10,953**	**5,310**	**5,643**	**0**	
Variations to Planned Savings					
	-	-	-	-	
Permanent Variations	**0**	**0**	**0**	**0**	
Total Permanent Savings & Variations	**10,953**	**5,310**	**5,643**	**0**	
Use of ASC Support Grant 2018/19	-	1,616	(1,616)	-	
Use of One-off Funding	-	4,027	(4,027)	-	
Temporary Variations	**-**	**5,643**	**(5,643)**	**0**	
Total Savings with Variations	**10,953**	**10,953**	**0**	**0**	**vii**

Revenue budget										
Divisions	**Planned (£000)**			**Q2 2018/19 (£000)**						**Note ref**
				Projected outturn			**(Over) / under spend**			
	Gross	**Income**	**Net**	**Gross**	**Income**	**Net**	**Gross**	**Income**	**Net**	
Adult Social Care:										
Physical Support, Sensory Support and Support for Memory & Cognition	109,635	(42,408)	67,227	107,037	(42,000)	65,037	2,598	(408)	2,190	
Learning Disability Support	53,942	(4,307)	49,635	56,998	(4,410)	52,588	(3,056)	103	(2,953)	
Mental Health Support	7,091	(1,043)	6,048	7,316	(1,025)	6,291	(225)	(18)	(243)	
Subtotal Independent Sector	**170,668**	**(47,758)**	**122,910**	**171,351**	**(47,435)**	**123,916**	**(683)**	**(323)**	**(1,006)**	**viii**
Physical Support, Sensory Support and Support for Memory & Cognition	15,418	(4,780)	10,638	16,102	(5,328)	10,774	(684)	548	(136)	
Learning Disability Support	7,555	(888)	6,667	8,502	(1,899)	6,603	(947)	1,011	64	
Mental Health Support	211	(187)	24	211	(187)	24	-	-	-	
Substance Misuse Support	591	(115)	476	573	(97)	476	18	(18)	-	
Equipment & Assistive Technology	7,240	(3,930)	3,310	7,200	(3,764)	3,436	40	(166)	(126)	
Other	5,150	(3,745)	1,405	4,299	(2,913)	1,386	851	(832)	19	
Supporting People	7,499	(518)	6,981	8,509	(1,528)	6,981	(1,010)	1,010	-	
Assessment and Care Management	25,071	(2,787)	22,284	26,127	(2,752)	23,375	(1,056)	(35)	(1,091)	
Management and Support	14,291	(24,440)	(10,149)	13,317	(24,365)	(11,048)	974	(75)	899	
Service Strategy	569	(45)	524	958	(346)	612	(389)	301	(88)	
Subtotal Directly Provided Services and Assessment and Care Management	**83,595**	**(41,435)**	**42,160**	**85,798**	**(43,179)**	**42,619**	**(2,203)**	**1,744**	**(459)**	**ix**
Total Adult Social Care	**254,263**	**(89,193)**	**165,070**	**257,149**	**(90,614)**	**166,535**	**(2,886)**	**1,421**	**(1,465)**	**X**
Safer Communities	**522**	**(186)**	**336**	**363**	**(27)**	**336**	**159**	**(159)**	**0**	
Public Health										
Health Improvement services	4,717	-	4,717	4,715	-	4,715	2	-	2	
Drug and alcohol services	6,101	-	6,101	6,101	-	6,101	-	-	-	
Sexual health services	4,160	-	4,160	4,160	-	4,160	-	-	-	
Health Visiting & School Nursing	8,769	-	8,769	8,769	-	8,769	-	-	-	
NHS Health Checks	823	-	823	823	-	823	-	-	-	
Management support and Public Health programmes	2,820	-	2,820	2,822	-	2,822	(2)	-	(2)	
Public Health Grant income	-	(27,270)	(27,270)	-	(27,270)	(27,270)	-	-	-	
Public Health CCG and Reimbursement income		(120)	(120)		(120)	(120)	-	-	-	
Sub Total for Core Services	**27,390**	**(27,390)**	**0**	**27,390**	**(27,390)**	**0**	**0**	**0**	**0**	
One Off Projects funded from PH Reserves	2,953	(2,953)	-	2,953	(2,953)	-	-	-	-	
Early Help funding	1,601	(1,601)	-	1,601	(1,601)	-	-	-	-	xi
Total Public Health	**31,944**	**(31,944)**	**0**	**31,944**	**(31,944)**	**0**	**0**	**0**	**0**	

<table>
<tr><th colspan="11">Capital programme</th></tr>
<tr><th rowspan="3">Approved project</th><th colspan="2" rowspan="2">Total project – all years (£000)</th><th colspan="7">2018/19</th><th rowspan="3">Note ref</th></tr>
<tr><th colspan="4">In year monitor Q2 (£000)</th><th colspan="3">Analysis of variation (£000)</th></tr>
<tr><th>Budget</th><th>Projected</th><th>Budget</th><th>Actual to date</th><th>Projected 2018/19</th><th>Variation (over) / under budget</th><th>(Over) / under spend</th><th>Slippage to future year</th><th>Spend in advance</th></tr>
<tr><td>OP Service Improvements</td><td>536</td><td>406</td><td>130</td><td>-</td><td>-</td><td>130</td><td>130</td><td>-</td><td>-</td><td></td></tr>
<tr><td>Greenacres</td><td>2,350</td><td>2,350</td><td>1,000</td><td>132</td><td>750</td><td>250</td><td>-</td><td>250</td><td>-</td><td></td></tr>
<tr><td>LD Service Opportunities</td><td>5,092</td><td>5,092</td><td>95</td><td>54</td><td>95</td><td>-</td><td>-</td><td>-</td><td>-</td><td></td></tr>
<tr><td>Continuing Programme:</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>House Adaptations for People with Disabilities</td><td>2,719</td><td>2,719</td><td>387</td><td>5</td><td>5</td><td>382</td><td>-</td><td>382</td><td>-</td><td></td></tr>
<tr><td>Refurbishment – Registration standards</td><td>2,373</td><td>2,360</td><td>13</td><td>-</td><td>-</td><td>13</td><td>13</td><td>-</td><td>-</td><td></td></tr>
<tr><td>Total ASC Gross</td><td>13,070</td><td>12,927</td><td>1,625</td><td>191</td><td>850</td><td>775</td><td>143</td><td>632</td><td>0</td><td></td></tr>
</table>

Winter Pressure Funding			
Area of Spend	**Description**	**Amount (£'000)**	**Outcome**
ICES	Funding the Council's additional contribution to the pooled fund in 2018/19 as ICES is currently overspending. Additional spend reflects impact of increased acuity of service users looked after in the community	880	Supporting people to live independently in the community reducing demand on Primary Care, Community Nursing and Acute attendances and admissions and support flow from step up and down services
Telecare	Additional equipment charges to WEL in 2018/19	125	
Discharge to Assess/ Homecare	Council assuming Provider of Last Resort in 16 villages supporting 20 clients a year in rural areas. This will provide flexible use of additional four hours homecare to support patients being discharged home with packages of care from four main providers. Average of 19 discharges a week. Provision of basic DLE for homecare providers to use to provide care for clients discharged from hospital without equipment. Additional Occupational Therapy to support discharge to assess and interim beds	150	Home Care Providers deliver safe services to vulnerable adults discharged from Hospital. Improved outcomes people in hard to reach areas
7 Day Working	Resourcing 7 day working at BSUH. Fund BHCCC and WSCC to undertake trusted assessor role in ED and Gateway Wards for East Sussex residents	50	Improved outcomes for clients leaving hospital
OT to Support Intermediate Care	Additional therapy capacity	15	
Interim Beds	14 interim beds across the county from mid-November to end of March	200	
Further OT support to additional Interim / Transitional / D2A beds funded from NHS and LA Winter Pressures Resources	As discussed and proposed at OpEx 22/11/2018. Occupational Therapy support to the additional community escalation beds to compliment the ESHT Physio therapy input	20	
Additional Independent Sector Spend October 2018 to March 2019	Funding for short-term packages of care. A net current budget pressure is forecast of £500k which was included in the Quarter 2 monitoring in relation to short term packages over the winter months. The increase will provide additional funding to support reduction in DTOCs and the needs of clients in hospital to be met	1,146	Providers deliver safe services to vulnerable adults discharged from Hospital. Reduced number of DTOCs
Total		**2,586**	

Business Services – Q2 2018/19

Summary of progress on Council Priorities, issues arising, and achievements

Summary of successes and achievements – Work has been progressing on developing a 'core offer' for Orbis and what this would mean in terms of service delivery and impact. Discussions around these options will take place with key stakeholders during Q3 and the agreed outputs will then form part of the RPPR process.

As of 1 September 2018, the Finance service is delivering integrated services (across East Sussex County Council (ESCC), Brighton and Hove City Council (BHCC) and Surrey County Council (SCC)) for Treasury Management, Taxation, Insurance and Financial Accounting.

The Property service has also established fully integrated teams providing Estates, Maintenance, Major Projects, Facilities Management, and Energy services to ESCC and SCC. This now provides a greater resilience and expertise to the partnership authorities. An integrated Property Senior Leadership Team is in place across all three Orbis partners.

Procurement has recently awarded a contract for Facilities Management Services that covers all three Orbis partners. The procurement delivered £400k in cash-releasing savings, and also included over £500k in Social Value commitment, including local employment opportunities for NEETs (people aged 16-24 Not in Education, Employment or Training), Long Term Unemployed, People with Disabilities and Ex-Offenders. The new contract also complements the new Property Services structure and service offer (referenced above).

IT & Digital have been continuing to enable partnership working across the Council. In July we became the first county council (one of only two councils at the time) to setup calendar sharing with NHS staff. This followed the previous success of linking Skype for Business with the NHS. These integrations have enabled staff from across the East Sussex Better Together partnership work in a more integrated and efficient way.

Apprenticeships – We have submitted returns to the Department for Education to show progression against the target for all public sector organisations to have apprentices make up 2.3% of their workforce. The Council achieved 1.02% of the workforce undertaking an apprenticeship between April 2017 to March 2018. Overall national and local figures are not due to be published until Jan 2019 but early indications show that the Council is above the national average. The Local Government Association (LGA) have recognised the work that the apprentice team have carried out within Council maintained schools in terms of uptake of apprenticeships and have used the Council for case studies to promote good practice for other county councils. Corporately, uptake continues to be for more professional qualifications (Project Managers and Operational Managers), and tenders are currently out to market for a variety of ICT based qualifications up to degree level. The apprenticeship team have also linked in with the LGA to access funding to provide project support to help councils overcome barriers in order to create multi-year apprenticeship plans.

The Apprentice Learning Group launched in September to support new entry level apprentices who join the Council. The group offers action learning sets, employment workshops, ongoing careers advice and coaching opportunities. In Q2 we had two cohorts, and these apprentices have gone on to form their own support network and some have accessed further coaching support.

Social Value – The Council has spent £202.1m with local suppliers over the past 12 months. 998 local suppliers were used, which equates to 57% of our total spend, exceeding our target for 52%.

In Q2, a total of nine contracts were awarded, four were out of scope of the Social Value Measurement Charter (SVMC), as they had predefined contractual terms. The five in-scope contracts had a total value of £23.5m and they secured £1.13m in Social Value commitment, which equates to an outturn of 4.8%. The social value committed in these contracts will aid local employment by recruiting ex-offenders, people with disabilities, as well as offering apprenticeships and other benefits. We expect to meet the 10% target by the end of the financial year. We continue to work closely with suppliers throughout the life of their contracts, which also gives us additional opportunities to secure social value benefits.

Property operations – Strategic Property Asset Collaboration in East Sussex (SPACES) continues to focus on One Public Estate (OPE) projects. The emergency services projects from phase 5 continue to have their feasibility studies and business cases developed and more will be known regarding whether they will go ahead by the end of 2018. These projects are expected to deliver capital receipts, housing opportunities and revenue cost reduction. Phase 7 has now been announced and SPACES is drawing up a bid including projects in Hailsham, Hastings, Eastbourne and Peacehaven across a variety of local authorities, health partners and emergency services. These projects focus on housing delivery and consolidation of civic estate. A further outcome has been delivered through SPACES with East Sussex Healthcare Trust sharing space in Rother District Council offices in Bexhill. This complements the Bexhill project for OPE which continues to be progressed.

Reduction in CO2 emissions – We aim to reduce the amount of CO2 arising from Council operations by 3% compared to 2017/18. A 7.1% reduction has been achieved in Q2 of 2018/19 compared to Q2 2017/18. This breaks down as a 7.9% reduction from schools and a 6.3% reduction from the corporate estate including street lighting.

The Energy Team support schools with energy saving in a number of ways, including through the LESS CO2

Programme (a partnership with Ashden), to promote sustainability in schools and save energy through simple low and no cost measures. The energy performance of the schools involved with Ashden decreased at a higher rate in both electricity and gas usage than schools not involved with Ashden. The overall average saving in energy costs for a school in the 12 months following the first workshop was just over £1,200.

IT & Digital infrastructure – 99.83% of key services were available during core hours (08.00 – 17.00 Monday to Friday except Local Area Network, where availability has been extended to be 24/7) during Q2. Weekend and planned unavailability is excluded.

A staff survey will take place in Q4 to establish the percentage of staff satisfied that the IT tools provided are the right ones to do their job.

Assurance – Following internal audits, 100% of the high risk recommendations due in Q2 have been actioned by management.

The percentage of insurance claims handled to first decision stage (i.e. initial repudiation or offer of compensation) within legal time frames was 99.2% in Q2. A majority of third party claims relate to the highway and these claims are now handled by East Sussex Highways (Costain and Jacobs). Information relating to these claims is included in these figures. Claims volumes have significantly reduced in Q2 due to the prolonged period of calm weather and the number of claims received relating to the previous winter period now tailing off. However, this reduction in claim volumes may be followed by an increase in Q3 and Q4 if the weather deteriorates and impacts the structure/surface of the highway.

Wellbeing – The combined Q1 and Q2 sickness absence outturn for the whole authority (excluding schools) is 3.97 days lost per FTE, a decrease of 4.3% since the previous year.

The larger departments, Children's Services and Adult Social Care and Health, have both seen a decrease in absence in Q1 and Q2; there has been a broad range of dedicated activities in order to support this including additional training sessions for managers to provide targeted support and coaching. The most significant increase is in Communities Economy and Transport (CET), due to short and long term absences. In order to address this, a report identifying employees/teams with the highest level of absence in CET has been run to explore any trends/hot spots that require HR intervention. It is positive to note that the absence rate in this department has decreased significantly in Q2.

Stress continues to be the primary driver for absence and targeted activities have included hosting wellbeing roadshows and raising awareness through yammer campaigns and newsletters. Funding has been secured from Public Health to train 80 members of staff as Mental Health First Aiders. This will form part of a dedicated campaign to promote being mentally healthy at work and to remove the stigma surrounding mental health.

Over 800 members of staff have now had an onsite health check; this check provides the employee with key health diagnostics and signposting to further support. The reduced sickness rate could indicate this has made a positive difference on supporting employees to be healthy at work.

Revenue Budget Summary – The 2018/19 Business Services net revenue budget is £22.3m including the £14.6m contribution to the Orbis budget **(ref iii)**, and efficiency savings of £1.4m. Orbis services achieved £0.4m of the 2018/19 efficiencies last year, so the savings table shows the savings against the in-year savings target of £1m **(ref i)**. The net budget has increased by £1.3m compared to the Medium Term Financial Plan as the Council's printing and franking budgets have been centralised into IT&D and Property respectively.

The Orbis operating budget now includes service delivery to BHCC and is in the final year of the initial three year programme to deliver £9.7m of efficiencies. Each partner contributes to the Orbis Operating Budget in proportion to their service delivery requirements, the contributions are currently 21%, 24% and 55% for BHCC, ESCC and SCC respectively. Services have delivered ongoing annual savings of £5.1m to date, and are implementing changes to deliver a further £4.6m of savings this year. Overall Orbis is on track to deliver its savings and some services are forecasting additional savings where they hold vacancies ahead of further efficiencies. As a result the ESCC contribution to the Orbis budget is likely to be £0.03m less than anticipated **(ref iii)**.

The budgets managed by Orbis are likely to underspend by £0.03m, mainly due to a reduced contribution to the properties shared with other local district and boroughs **(ref ii)**.

Capital Programme Summary – The 2018/19 capital budget is £34.1m and includes the £14.2m Schools Basic Need Programme **(ref vii)** and the £9.2m Building Improvements programme **(ref v)**. The full year forecast variance is £3.2m. The basic need programme spend will be £1.8m higher than budgeted this year because this year's purchase of land for Hailsham Primary School expansion was profiled into 2019/20 **(ref vii)**. A full review of the condition of buildings is underway, leading to delays of £1.0m to the building improvement programme **(ref v)**. There is a saving to the cost of the mobile phone roll-out & Citrix renewal; however this is required in future years for further IT&D Strategy Implementation **(ref vi)**. Lansdown Secure unit has slipped £3.2m due to delays on the procurement of the main contract **(ref viii)** and the agile project has slipped £0.3m **(ref iv)**.

Performance Exceptions (See How to read this report for definition)								
Performance measure	Outturn 17/18	Target 18/19	18/19 RAG				Q2 18/19 outturn	Note Ref
			Q1	Q2	Q3	Q4		
There are no performance exceptions								

Savings exceptions (Projected - Red = will not be delivered but may be mitigated; Amber = on track to deliver but not in the year (& may be mitigated); Green = on track to deliver in the year)					
Service description	Q2 2018/19 (£'000)				Note ref
	Target	Achieved	Slipped	Unachieved	
Savings					
All planned savings	-	-	-	-	
Total Savings	**1,046**	**1,046**	**0**	**0**	**i**
Variations to Planned Savings					
	-	-	-	-	
	-	-	-	-	
Permanent Variations	**0**	**0**	**0**	**0**	
Total Permanent Savings & Variations	**1,046**	**1,046**	**0**	**0**	
	-	-	-	-	
	-	-	-	-	
Temporary Variations	**0**	**0**	**0**	**0**	
Total Savings with Variations	**1,046**	**1,046**	**0**	**0**	

The 2018/19 MTFP savings are £1.4m however £0.4m of this was achieved last year so the in-year target is £1m.

The table below represents the East Sussex 2018/19 Revenue Budget, and includes a line which is the contribution to Orbis Partnership. The second table shows the total Orbis Partnership 2018/19 Revenue Budget; of which East Sussex make a contribution to shared costs of 24%.

Revenue Budget										
Divisions	Planned (£000)			Q2 2018/19 (£000)						Note ref
				Projected outturn			(Over) / under spend			
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net	
Finance	2,534	(2,232)	303	2,519	(2,211)	308	15	(20)	(5)	
HR & OD	286	(451)	(165)	377	(542)	(165)	(92)	91	-	
IT & Digital	5,294	(3,028)	2,266	5,294	(3,029)	2,265	-	-	-	
Procurement	-	(80)	(80)	-	(80)	(80)	-	-	-	
Property	24,761	(19,461)	5,301	24,270	(19,004)	5,266	492	(457)	35	ii
Contribution to Orbis Partnership	14,646	-	14,646	14,619	-	14,619	27	-	27	
Total BSD	**47,521**	**(25,251)**	**22,270**	**47,079**	**(24,866)**	**22,213**	**442**	**(386)**	**57**	

Orbis Partnership Revenue Budget										
Divisions	Planned (£000)			Q2 2018/19 (£000)						Note ref
				Projected outturn			(Over) / under spend			
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net	
Business Operations	12,660	(6,177)	6,484	12,540	(6,177)	6,363	120	-	121	
Finance	12,713	(2,097)	10,615	12,645	(2,030)	10,615	68	(67)	-	
HR	7,658	(1,135)	6,523	7,791	(1,113)	6,678	(133)	(22)	(155)	
IT	22,988	(2,999)	19,989	22,988	(2,999)	19,989	-	-	-	
Management	2,333	-	2,333	2,118	-	2,118	215	-	215	
Procurement	5,679	(231)	5,448	5,153	(130)	5,023	526	(101)	425	
Property	12,655	(1,471)	11,184	12,883	(1,549)	11,334	(228)	78	(150)	
Total Orbis	**76,686**	**(14,111)**	**62,576**	**76,118**	**(13,998)**	**62,120**	**568**	**(112)**	**456**	
ESCC Contribution	**0**		**14,646**			**14,619**			**27**	**iii**

Capital programme										
Approved project	Total project – all years (£000)		2018/19							Note ref
			In year monitor Q2 (£000)				Analysis of variation (£000)			
	Budget	Projected	Budget	Actual to date	Projected 2018/19	Variation (over) / under budget	(Over) / under spend	Slippage to future year	Spend in advance	
SALIX Contract	3,868	3,868	369	350	369	-	-	-	-	
Property Agile Works	9,606	9,606	350	18	20	330	-	330	-	iv
Capital Building Improvements	84,373	84,373	9,209	2,770	8,209	1,000	-	1,000	-	v
Libraries Core Need	2,244	2,244	366	1	366	-	-	-	-	
IT & Digital Strategy Implementation	31,543	31,543	4,072	-	3,472	600	-	600	-	vi
Schools Basic Need	148,128	148,128	14,183	3,908	16,032	(1,849)	-	-	(1,849)	vii
Early Years	2,480	2,480	901	869	905	(4)		-	(4)	
Universal Infant Free School Meals	1,901	1,901	10	2	10	-	-	-	-	
Other Schools & CSD Projects	7,600	7,600	4,597	107	1,400	3,197	-	3,197	-	viii
Total BSD Gross	**291,743**	**291,743**	**34,057**	**8,025**	**30,783**	**3,274**	**0**	**5,127**	**(1,853)**	

Children's Services – Q2 2018/19

Summary of progress on Council Priorities, issues arising, and achievements

Summary of successes and achievements

On 3 October 2018, the Duke and Duchess of Sussex visited the Council managed Joff Youth Centre, in Peacehaven, where they met with 50 young people gathered from youth groups around the county, including the Youth Cabinet. The couple discussed the issue of mental health with the young people and what can be done to promote good mental health. The young people were preparing for this year's Takeover Challenge Day, a national initiative which encourages organisations to give young people a role in real-life decision making, on 23 November. The theme in East Sussex this year is mental health and emotional wellbeing, with a focus on ways young people can help each other and themselves.

At key stage 2 we have seen an improvement in results that brings us broadly in line with the national outturn. The proportion of East Sussex pupils achieving the expected standard in reading, writing and maths (RWM) in academic year 2017/18 was 63.7% which is less than one percentage point below the national rate of 64.2% (based on provisional data). This is an improvement of 6.7% on academic year 2016/17 when East Sussex was five percentage points below the national average. There have been improvements in all three areas including maths which has been an area of focus. The percentage of disadvantaged pupils achieving the expected standard in RWM at key stage 2 has improved by 8.1% to 49.1% compared to 50.7% nationally. For pupils with Special Education Needs and Disability (SEND) there has been a 6.3% improvement to 21.8% compared to 23.6% nationally. The rate of improvement for all measures is greater than the national rate of improvement which is 4.1% for RWM combined, 4.8% for disadvantaged and 3.2% for SEN. This achievement for our schools and pupils means that we have more children better prepared to make a successful transition to secondary education.

Provisional 2018 results for the average Progress 8 figure for state funded schools in East Sussex is -0.02, in line with the national average, meeting the target for the year. Four schools are 'well above' the national average for this measure and another four are 'above'.

Using value based interviewing, which assesses practitioners' resilience and capacity to meet the challenges of front line work, we had a very positive round of recruitment and 29 newly qualified social workers joined children's services on 17 September. This means that most teams are fully staffed.

Progress 8 score – It is too early to accurately predict the outturn for the average Progress 8 score for Looked After Children (LAC) **(ref i)**. Published provisional 2018 results from the Department of Education will be available at Q3.

Attainment 8 score – The target for the average Attainment 8 score for disadvantaged pupils has not been met **(ref ii)**. The East Sussex figure and the national figure for this measure have both reduced in 2017/18 compared to 2016/17. However, the East Sussex figure declined by 1.0 compared to 0.5 for the national figure meaning that there is now a gap of 3.5.

A new school improvement board has been established to take forward the ongoing development of a school-led system of improvement from September 2018. The board will provide overall strategic leadership to the work of all secondary schools and help to bring greater coherence and impact to the range of improvement work happening across the county. The board will focus on key areas for improvement including the performance of disadvantaged pupils and will have five main functions:

- Set the strategic direction and priorities for improvement.
- Ensure all schools are receiving the right challenge and support to help them improve.
- Build capacity for school-to-school support.
- Commission additional resources and expertise to deliver on the priorities for improvement.
- Evaluate the impact of its work and report on progress.

In addition, the Hastings Opportunity Area and the Strategic School Improvement Fund (SSIF) projects in primary and secondary will bring additional resource to address performance in this priority area.

Participation in education, training or employment with training – The percentage of young people meeting the duty of Raising the Participation Age (RPA) by either participating in education, training or employment with training or undertaking re-engagement provision at academic age 16 (Year 12) and academic year 17 (Year 13) have both been reported as amber at Q2 **(ref iii & iv)**. It is too early in the academic year to accurately report on these targets. Enrolment data is still being received from colleges and providers and, therefore, the situation of 17% of the cohort is currently not known. This will be reported at Q3.

Revenue Budget Summary – The £68.630m net budget is forecast to be overspent at year end by £3.270m **(ref ix)**. This is an increase of £0.641m on the forecast position at Q1.

Within the overall position, £3.370m overspend is forecast within Early Help and Social Care **(ref vi)**; this is a deterioration of £0.408m from the Q1 position. This increase is primarily due to increased spend in Locality, where the forecast overspend increased by £0.344m. There have been increased costs associated with identifying and funding private sector accommodation for vulnerable families in East Sussex who have been identified as Intentionally Homeless by District & Borough Housing Departments, while we consider the family's housing options. There have also been additional costs for care placements. In addition, at this time of year we have an annual intake of newly qualified social workers, so staffing costs peak. We have anticipated and included in this forecast a reduction in staffing costs later in the year due to predicted turnover.

We continue to do all we can to manage rising demand and costs, and are increasingly looking at creative packages of support for children to remain at home, but with extensive support, in order to prevent them becoming Looked After and incurring expensive placement costs.

In addition we are currently spot purchasing placements for care leavers and vulnerable young people aged 16 and 17. A re-commissioning process is underway that will reduce placement costs, but this is a protracted process and is unlikely to be completed until May 2019. We are also working alongside District and Borough Councils to prevent families becoming intentionally homeless as far as possible and to identify alternative housing if that happens.

There also continues to be significant pressures in Looked After Children (LAC) and agency placements for children with complex needs.

Education and ISEND are forecasting an overspend of £0.586m **(ref vii)**, a small increase of £0.103m from Q1. This increase reflects the continuing pressure on placements for disabled children within ISEND, £0.153m. This was partly mitigated by an underspend in Standards and Learning Effectiveness of £0.050m, achieved as a result of efficiencies and pay cost control.

Communication, Planning and Performance **(ref viii)** is forecasting an overspend of £0.318m for the year, an increase of £0.170m from the Q1 position. This is primarily due to an increase of £0.332m in the forecast costs of statutory Home to School transport for of pre 16 pupils, where there have been increases in both the numbers and cost of journeys above that expected from our modelling. Work is continuing to understand the increases and to identify any opportunities to reduce costs. These increases have been partly offset by £0.162m of increased income generation.

Within the above outturn position, £4.807m **(ref v)** of the £4.840m planned 2018/19 savings are forecast to be achieved or to slip but be mitigated by variations, £0.033m will slip and is not currently expected to be mitigated. These savings figures also include £0.773m of savings brought forward from 2017/18.

Capital Programme Summary – Spending for the year is on track and forecast to stay within budget. £0.250m for the Conquest Centre will slip into future years **(ref x)**.

Performance exceptions (See How to read this report for definition)								
Performance measure	Outturn 17/18	Target 18/19	18/19 RAG				Q2 2018/19 outturn	Note Ref
			Q1	Q2	Q3	Q4		
Priority – Driving sustainable economic growth								
Average Progress 8 score for Looked after Children (LAC)	Ac year 2016/17 ESCC: - 0.87 Nat.: -1.18	Ac year 2017/18 0.05 points or less below the national average for LAC	G	A			To be reported at Q3	i
The average Attainment 8 score for disadvantaged pupils	Ac year 2016/17 ESCC: 34.1 Nat.: 37.1	Ac year 2017/18 No more than 3 points below the national average	G	R			Ac year 2017/18 ESCC: 33.1 Nat: 36.6	ii
The percentage of young people meeting the duty of Raising the Participation Age (RPA) by either participating in education, training or employment with training or undertaking re-engagement provision at academic age 16 (Year 12)	95%	93%	G	A			To be reported at Q3	iii
The percentage of young people meeting the duty of RPA by either participating in education, training or employment with training or undertaking re-engagement provision at academic age 17 (Year 13)	88%	86%	G	A			To be reported at Q3	iv

Savings exceptions (Projected - Red = will not be delivered but may be mitigated; Amber = on track to deliver but not in the year (& may be mitigated); Green = on track to deliver in the year)					
Service description	Q2 2018/19 (£'000)				Note ref
	Target	Achieved	Slipped	Unachieved	
Savings					
Support Services, including Admissions, Buzz and Music service	322	312	10	-	
Home to School Transport	567	567	-	-	
SWIFT and YOT	182	182	-	-	
LAC	740	-	-	740	
SLES	614	614	-	-	
ISEND and ESBAS	831	-	831	-	
Early Help	1,561	-	1,561	-	
Safeguarding and QA unit	23	-	23	-	
Total Savings	**4,840**	**1,675**	**2,425**	**740**	
Variations to Planned Savings					
LAC – Pressure Funding	-	740	-	(740)	
Permanent Variations	**0**	**740**	**0**	**(740)**	
Total Permanent Savings & Variations	**4,840**	**2,415**	**2,425**	**0**	
ISEND and ESBAS grant	-	831	(831)	-	
Early Help – use of reserve approved at County Council Feb 2018	-	1,561	(1,561)	-	
Temporary Variations	**0**	**2,392**	**(2,392)**	**0**	
Total Savings with Variations	**4,840**	**4,807**	**33**	**0**	**v**

Revenue budget										
Divisions	Planned (£000)			Q2 2018/19 (£000)						Note ref
				Projected outturn			(Over) / under spend			
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net	
Central Resources	2,923	(2,575)	348	2,692	(3,348)	(656)	231	773	1,004	
Early Help and Social Care	56,979	(10,210)	46,769	62,503	(12,364)	50,139	(5,524)	2,154	(3,370)	vi
Education and ISEND	83,005	(8,358)	74,647	83,163	(7,930)	75,233	(158)	(428)	(586)	vii
Communication, Planning and Performance	19,415	(4,237)	15,178	20,069	(4,573)	15,496	(654)	336	(318)	viii
DSG non Schools	-	(68,312)	(68,312)		(68,312)	(68,312)	-	-	-	
Schools	158,161	(158,161)	-	158,161	(158,161)	-	-	-	-	
Total Children's Services	**320,483**	**(251,853)**	**68,630**	**326,588**	**(254,688)**	**71,900**	**(6,105)**	**2,835**	**(3,270)**	**ix**

Capital programme										
Approved project	Total project – all years (£000)		2018/19							Note ref
			In year monitor Q2 (£000)				Analysis of variation (£000)			
	Budget	Projected	Budget	Actual to date	Projected 2018/19	Variation (over) / under budget	(Over) / under spend	Slippage to future year	Spend in advance	
Family Contact	188	188	14	11	14	-	-	-	-	
House Adaptations for Disabled Children's Carers	1,468	1,468	145	68	145	-	-	-	-	
Schools Delegated Capital	13,311	13,311	852	146	852	-	-	-	-	
Exceat Canoe Barn Changing Rooms	24	24	2	2	2	-	-	-	-	
Conquest Centre	350	350	350		100	250	-	250	-	
Total CSD Gross	**15,341**	**15,341**	**1,363**	**227**	**1,113**	**250**	**-**	**250**	**-**	**x**

Communities, Economy & Transport – Q2 2018/19

Summary of progress on Council Priorities, issues arising, and achievements

Summary of successes and achievements – Work on the town centre improvement scheme in Terminus Road in Eastbourne is progressing well. 82 carriageway asset improvements schemes were completed in Q2, to maintain and improve the condition of the county's roads. This is an increased number of schemes compared to Q1 and this is forecast to continue in Q3. Businesses were supported to create 62.75 jobs in Q2 through business support programmes, Locate East Sussex also assisted nine businesses to move into, or relocate within, the county. At the end of Q1 (reported a quarter in arrears) 7,906 premises had access to improved broadband speeds as part of our second contract of works, with 88% of premises in the intervention areas able to receive superfast speeds. Trading Standards provided six training workshops to businesses in Q2, with 80 delegates attending; there were also 65 positive interventions to protect vulnerable people, including visiting 52 victims of rogue trading or financial abuse, installing 12 call blockers to protect people from telephone scams, and one intervention from the rapid response team. Alongside partners we're currently seeking funding from the Cultural Development Fund to support the development of the Coastal Culture Trail; Hastings Borough Council submitted an expression of interest on behalf of the wider partnership and this has been approved for a full funding bid. 74 online learning courses were completed in our libraries in Q2, to help people get online and earn qualifications on topics including English, maths and ICT. Responses to Freedom Of Information requests are now being published on the Council's website.

Newhaven Port Access Road – Following approval of the business case by the Department for Transport (DfT) in August 2018, which released the remaining £10m funding for the project, the contract to build the road was awarded to BAM Nuttall. Construction started on 26 October 2018, and is scheduled to be complete in August 2020.

Queensway Gateway Road – Due to delays in the completion of the road, which is being managed by Seachange Sussex, it is proposed that the target for 2018/19 is amended to 'Complete the first phase of the road' **(ref i)**. The delays are due to ongoing discussions on purchasing land, the relocation of Bartletts SEAT and the contract for construction.

Employability and Skills – The six established sector task groups have agreed a forward plan for actions for the academic year 2018/19. Over 80 Industry Champions have now been recruited, which doubles the number engaged since 2017/18. Over 50 businesses have signed up to take part in the Open Doors event in Q3, providing onsite visits to their premises for groups of students.

Road Safety – The trials of behaviour change initiatives, as part of the Council's £1m Road Safety scheme, began in Q2. These include the Notice of Intended Prosecution trial which involves simplifying and personalising the Notice of Intended Prosecution. In addition work has also continued to develop the trial for Operation Crackdown, which involves changing the letter sent to drivers reported through community speedwatch, with the aim of reducing subsequent speeding.

All the planned road safety route assessments for the year have been completed. Two infrastructure schemes to improve road safety have been completed, one in Cooksbridge and one in Ticehurst, while work is continuing to prepare schemes for the remaining routes.

The total number of KSI on our roads in the period April to June 2018 was 108, with five being fatalities. Of these 97 (four fatalities) occurred on county roads with 11 (one fatality) on the Trunk Road network. This is an 11.3% increase on the same period in 2017 when there were 97 KSIs.

Libraries – The teachers' library membership has been launched, allowing primary and special school teachers to borrow a number of books to help with students' education. The Library Service is continuing to provide outreach in children's centres, and we are working with Citizens Advice to support residents applying for Universal Credit.

Revenue Budget Summary – The net budget at Q2 is £62.206m and at this stage the budget is expected to be underspent by £163k. Of the savings target, £287k will slip into 2019/20 and will be mitigated by contributions from reserves and additional income **(ref ii)**. The cost of departmental staff welfare and training is lower than expected **(ref iii)**. The part year pre-closure costs of the seven closed libraries, mobile library, school library service and the requirement to hold a 90 day consultation on staff reductions has been offset by additional income from LearnDirect, the implementation of effective cost controls and energy savings at the Keep **(ref iv)**. Income in the Registration Service for marriages is at the same level as last year, but will not achieve the increased income target; however this will be partially offset by a reduced forecast for the cost of the current scheme of road safety works **(ref v)**. Waste disposal costs are over budget but are offset by the reduced cost of processing leachate at old landfill sites **(ref vi)**.

Capital Programme Summary – The capital programme has a gross budget of £69.054m at Q2. There is currently slippage of £8.356m, spend in advance of £789k and an underspend of £289k. There are a number of Communities projects with small or residual remaining balances and it has been proposed that the programme is reduced by these amounts. Should any final payments be incurred these will be managed through the Capital Risk Provision and additional budgets approved via the variation process for these specific schemes. These schemes include; The Keep

(ref vii), Newhaven Library **(ref viii)**, Southover Grange **(ref ix)**, Library Refurbishment **(ref x)**, Speed Management **(ref xi)**, and Traveller sites **(ref xii)**. The final account for dilapidations and potential loss of earnings claims at Hastings Library will result in some slippage **(ref xiii)**. The review of the works undertaken by the Broadband contractor has identified a reduction in the costs for works completed in 2017/18, this will be utilised to augment Stage 3 of the programme **(ref xiv)**. There is a delay in the settlement of Part 1 compensation claims and other land claims resulting from the Bexhill and Hastings Link Road project **(ref xv)**. In spite of a good level of applications for Economic Intervention Fund Grants, monies can only be paid when applicant milestones are met and it is likely that not all payments can be made this year **(ref xvi)**. Applications for the developing stalled business sites fund have been lower than anticipated this year **(ref xvii)**. The Newhaven Port Access Road scheme was dependent upon receiving DfT funding approval. This was not received until late summer which has had implications on our ability to engage contractors and resulted in the scheme profile being revised **(ref xviii)**. Not all of the new parking ticket machines will be installed this year, the remainder are scheduled for 2019/20 **(ref xix)**. Previous staff shortages have been addressed and it is expected that progress on the Hastings and Bexhill Movement and Access package will now improve, with the majority of the works being delivered in 2019/20 **(ref xx)**. Post construction landscape works have delayed completion of the Eastbourne/South Wealden Walking and Cycling scheme **(ref xxi)**. In response to the consultation on the Hailsham/Polegate/Eastbourne Movement and Access Corridor, a breakdown in the design briefs has been requested which will impact on construction start dates, now expected in 2019/20 **(ref xxii)**. Redesign due to groundwork issues has impacted on progress to the Terminus Road scheme **(ref xxiii)**. The opportunity has arisen to accelerate spend on the A22/A27 scheme **(ref xxiv).** Previous staff shortages have now been addressed and it is expected the Other Integrated Transport Schemes will now make good progress **(ref xxv)**. Ongoing research to identify the best options has resulted in a delay to the planning application for the Exceat Bridge **(ref xxvi)**. The Queensway depot scheme is awaiting negotiation on the purchase of the bungalow **(ref xxvii)**. The necessary viability assessment of using an alternate site for the Hailsham household waste site has delayed the start of the works **(ref xxviii)**. There is the opportunity to complete additional bridge works and safety checks **(ref xxix)** and energy saving street lighting works **(ref xxx)** ahead of schedule.

<table>
<tr><th colspan="9">Performance exceptions
(See How to read this report for definition)</th></tr>
<tr><th rowspan="2">Performance measure</th><th rowspan="2">Outturn 17/18</th><th rowspan="2">Target 18/19</th><th colspan="4">18/19 RAG</th><th rowspan="2">Q2 2018/19 outturn</th><th rowspan="2">Note Ref</th></tr>
<tr><th>Q1</th><th>Q2</th><th>Q3</th><th>Q4</th></tr>
<tr><td colspan="9">Priority – Driving supportable economic growth</td></tr>
<tr><td>Work with Seachange Sussex to deliver major transport infrastructure – Queensway Gateway Road</td><td>Construction commenced</td><td>Amendment requested from:
~~Construction Complete~~
To:
Complete the first phase of the road</td><td>A</td><td>AD</td><td></td><td></td><td>Construction of the 1st phase of the road up to the middle roundabout is scheduled to be complete in February 2019</td><td>i</td></tr>
</table>

Savings exceptions (Projected - Red = will not be delivered but may be mitigated; Amber = on track to deliver but not in the year (& may be mitigated); Green = on track to deliver in the year)					
Service description	**Q2 2018/19 (£'000)**				**Note ref**
	Target	**Achieved**	**Slipped**	**Unachieved**	
Savings					
Waste Disposal Service	558	558	-	-	
Waste	162	-	162	-	
Grass Cutting	400	400	-	-	
Review fees & charges across the Planning Service.	25	25	-	-	
Library and Information Service Transformation	125	125	-	-	
Library and Information Service Strategic Commissioning	653	528	125	-	
The Keep	19	19	-	-	
Total Savings	**1,942**	**1,655**	**287**	**0**	
Variations to Planned Savings					
	-	-	-	-	
Permanent Variations	**0**	**0**	**0**	**0**	
Total Permanent Savings & Variations	**1,942**	**1,655**	**287**	**0**	
Waste – use of reserve approved at County Council Feb 18	-	62	(62)	-	
Waste – Positive tonnage movements	-	100	(100)		
Libraries – use of reserve approved at County Council Feb 18	-	25	(25)	-	
Libraries – additional income	-	100	(100)	-	
Temporary Variations	**0**	**287**	**(287)**	**0**	
Total Savings with Variations	**0**	**1,942**	**0**	**0**	**ii**

Revenue budget										
Divisions	Planned (£000)			Q2 2018/19 (£000)						Note ref
				Projected outturn			(Over) / under spend			
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net	
Management and Support	2,901	(150)	2,751	2,892	(162)	2,730	9	12	21	iii
Customer and Library Services	7,085	(2,198)	4,887	7,193	(2,248)	4,945	(108)	50	(58)	iv
Communities	3,897	(2,413)	1,484	3,872	(2,508)	1,364	25	95	120	v
Transport & Operational Services	77,056	(40,231)	36,825	76,952	(40,207)	36,745	104	(24)	80	vi
Highways	16,566	(2,220)	14,346	16,656	(2,310)	14,346	(90)	90	-	
Economy	5,409	(4,311)	1,098	5,485	(4,387)	1,098	(76)	76	-	
Planning and Environment	2,873	(2,058)	815	3,226	(2,411)	815	(353)	353	-	
TOTAL CET	**115,787**	**(53,581)**	**62,206**	**116,276**	**(54,233)**	**62,043**	**(489)**	**652**	**163**	

Capital programme										
Approved project	Total project – all years (£000)		2018/19 (£000)							Note ref
			In year monitor Q2 (£000)				Analysis of variation (£000)			
	Budget	Projected	Budget	Actual to date	Projected 2018/19	Variation (over) / under budget	(Over) / under spend	Slippage to future year	Spend in advance	
The Keep	20,178	20,154	24	-	-	24	24	-	-	vii
Registration Ceremonies Website	30	30	22	8	22	-	-	-	-	
Newhaven Library	1,713	1,677	36	-	-	36	36	-	-	viii
Southover Grange	1,257	1,214	48	5	5	43	43	-	-	ix
Library Refurbishment	1,473	1,314	167	8	8	159	159	-	-	x
Speed Management	2,948	2,928	20	(65)	-	20	20	-	-	xi
Travellers Site Bridies Tan	1,347	1,340	7	-	-	7	7	-	-	xii
Hastings Library	9,503	9,503	645	106	335	310	-	310	-	xiii
Broadband	33,800	33,800	4,335	(3,152)	3,075	1,260	-	1,260	-	xiv
Bexhill and Hastings Link Road	126,247	126,247	2,912	(345)	1,555	1,357	-	1,357		xv
BHLR Complementary Measures	1,800	1,800	679	44	679	-	-	-	-	
Reshaping Uckfield Town Centre	2,500	2,500	13	-	13	-	-	-	-	
Economic Intervention Fund	9,791	9,791	1,549	142	908	641	-	641	-	xvi
Stalled Sites Fund	916	916	200	4	100	100	-	100	-	xvii
EDS Upgrading Empty Commercial Properties	500	500	200	50	200	-	-	-	-	
EDS Incubation Units	1,000	1,000	750	-	750	-	-	-	-	
North Bexhill Access Road	18,600	18,600	2,000	-	2,000	-	-	-	-	
Queensway Gateway Road	10,000	10,000	2,460	-	2,460	-	-	-	-	
East Sussex Strategic Growth Package	8,200	8,200	4,650	-	4,650	-	-	-	-	
LGF Business Case Development	196	196	166	10	166	-	-	-	-	
Newhaven Port Access Road	23,271	23,271	7,548	179	6,325	1,223	-	1,223	-	xviii
Real Time Passenger Information	2,728	2,728	301	24	301	-	-	-	-	

Capital programme										
Approved project	Total project – all years (£000)		2018/19 (£000)							Note ref
			In year monitor Q2 (£000)				Analysis of variation (£000)			
	Budget	Projected	Budget	Actual to date	Projected 2018/19	Variation (over) / under budget	(Over) / under spend	Slippage to future year	Spend in advance	
Parking Ticket Machine Renewal	1,700	1,700	1,150	-	1,042	108	-	108	-	xix
Hastings and Bexhill Movement & Access Package	9,643	9,643	1,913	68	1,038	875	-	875	-	xx
Eastbourne/South Wealden Walking & Cycling Package	7,450	7,450	805	138	693	112	-	112	-	xxi
Hailsham/Polegate/Eastbourne Movement & Access Corridor	2,350	2,350	600	15	224	376	-	376	-	xxii
Terminus Road Improvements	8,250	8,250	6,481	1,027	5,981	500	-	500	-	xxiii
Eastbourne Town Centre Movement & Access Package	3,000	3,000	-	-	-	-	-	-	-	
A22/A27 Junction Improvement Package	1,500	1,500	-	-	160	(160)	-	-	(160)	xxiv
Other Integrated Transport Schemes	37,101	37,101	3,037	763	2,791	246	-	246	-	xxv
Community Match Fund	1,500	1,500	200	132	200	-	-	-	-	
Exceat Bridge	2,633	2,633	447	4	370	77	-	77	-	xxvi
Queensway Depot Development	1,586	1,586	1,318	44	244	1,074	-	1,074	-	xxvii
Hailsham HWRS	97	97	97	-	-	97	-	97	-	xxviii
Core Programme - Highways Structural Maintenance	236,113	236,113	21,873	6,673	21,873	-	-	-	-	
Core Programme - Bridge Assessment Strengthening	13,310	13,310	1,000	339	1,285	(285)	-	-	(285)	xxix
Core Programme - Street Lighting - Life Expired Equipment	10,133	10,133	991	290	1335	(344)	-	-	(344)	xxx
Core Programme - Rights of Way	2,130	2,130	410	227	410	-	-	-	-	
Total CET	**616,494**	**616,205**	**69,054**	**6,738**	**61,198**	**7,856**	**289**	**8,356**	**(789)**	

Governance – Q2 2018/19

Summary of progress on Council Priorities, issues arising, and achievements

Reconciling Policy, Performance and Resources (RPPR) – Cabinet, on 17 July 2018, agreed to the development of a Core Offer, which will detail the services the Council can realistically provide with the funding available, and a revised Medium Term Finance Plan (MTFP). The Government's Budget was announced on 29 October 2018; and the local government settlement announcement, due on 6 December 2018, will be for the fourth and final year of the four year financial settlement which was agreed in 2016/17. Implications of these will be considered as part of the RPPR process for 2019/20 onwards. The Annual Report, which highlights the Council's progress against our priorities in 2017/18, was published in September 2018. The draft Portfolio Plans for 2019/20 – 2021/22 will be reviewed by the new Scrutiny Committee RPPR Boards in December before publication in March.

Transport for the South East (TfSE) – TfSE has now received the £1m grant awarded by the Department for Transport to fund the development of its Transport Strategy. Following a competitive tendering exercise the contract was awarded to Steer/WSP.

At the Shadow Partnership Board meeting on 17 September 2018 a workshop took place to consider the legal powers that TfSE should seek as part of its Proposal to Government to secure statutory status. A Member working group has been established to advise the Shadow Partnership Board on the development of the proposal. Staff have been appointed to an interim staff structure that will provide the resources necessary to drive forward the Proposal to Government and the development of the Transport Strategy. The staff structure is to be funded from contributions raised from the constituent authorities. TfSE exhibited alongside the three other Sub-National Transport Bodies in a Regional Hub at Highways UK on 7 and 8 November 2018.

Corporate Lobbying – Throughout Q2 we continued to actively lobby Government with the assistance of our MPs for recognition of the distinctly challenging financial situation the Council faces and the need for transitional funding:

- The Leader of the Council met with one of James Brokenshire's (Secretary of State for the Ministry of Housing, Communities and Local Government (MHCLG)) Special Advisors in August to set out what the Council needs to manage local pressures and remain financially sustainable.

- Following the meeting, the Special Advisor visited East Sussex to understand more about the particular local conditions contributing to our funding deficit and to explore options for increasing funding for the Council.

- The Leader also met with Kelly Tolhurst, MP, Assistant Government Whip and Minister for Small Businesses – to brief her on the Council's financial situation.

- The Leader and Chief Executive continued to meet with local MPs regularly, to discuss local issues and explore all avenues available to make our case for additional funding to the Treasury. As a result, Matt Hancock (Secretary of State for Health and Social Care) will visit East Sussex to find out more about the work we are doing on health and social care integration and the significant demographic pressures we face.

- Chief Officers met with a number of senior civil servants to discuss emerging policy and its impact on East Sussex and raise awareness across Government of the need for additional funding for authorities like the Council.

- We continued to work with others in the sector to make the strongest case possible for additional funding for Local Government. For example, throughout the summer, working with the County Councils Network, we achieved national press coverage of the financial crisis facing all local authorities.

- We continued to refine our messages and review all opportunities for lobbying presented by national developments, including in Parliament.

Supporting democracy – During Q2 we supported 39 meetings, including: one County Council meeting; two Cabinet meetings; nine Lead Member meetings; eight Scrutiny Committees and Review Boards; and 19 other committees and panels. In addition, 68 school admission appeals were received (a slight increase on Q2 2017/18).

The number of unique page views on the dedicated Members' Intranet site in Q2 was 1,279.

Following the first meetings of the Council's new Scrutiny Committees, several potential Scrutiny Review topics have been progressed. Support has been provided for Members to undertake more detailed initial research in order to assist the development of key lines of enquiry and terms of reference for full Scrutiny Reviews. Indications are that the new Committees are generating a more varied work programme of Scrutiny Reviews, Reference Groups and agenda items, and an overall increase in Member engagement. In Q2, the Members' ongoing training programme focussed on support for the new scrutiny arrangements, including arranging topic specific briefings on request. Information on the full range of available training opportunities has been provided on the Members' Intranet.

The East Sussex School Appeals Service continues to be in demand, with additional schools approaching the team to take up the service. Additional development work is being undertaken on the team's digital appeal management system, with the goal of delivering both further efficiencies and improvements in customer service. Options for providing the appeals management system to other local authorities are also being explored.

Legal Services – The Orbis Public Law (OPL) Interim Leadership Team have been collating and analysing data to give a thorough understanding of: the current staff resources and skill levels across OPL; work volumes, current and expected, including work type and complexity levels; and current working arrangements and systems. An assessment of practice and procedures is being carried out, identifying what we do well and what we don't, and we are looking at any gaps in resources, including workforce expertise and skills, particularly where external legal work is bought in. We will then start work on designing the structure of the service we are aiming to implement in 2019/20.

OPL is also creating a single version of its digital case management system, which is currently hosted separately by the four OPL partners. This will facilitate legal work files being shared between partners and over five years will deliver a combined saving of £68,572. OPL plans to have the single system in place for April 2019.

During Q2 we represented Trading Standards in the prosecution of a restaurant for serving a dessert containing nuts to a young boy with a severe nut allergy, causing him to be hospitalised. The Judge ordered the defendant to pay fines and costs totalling £2,159. We also represented Trading Standards in a counterfeit tobacco prosecution where the defendant was sentenced to 24 weeks custody suspended for 18 months and ordered to pay costs of £1,297.

We carried out two blue badge prosecutions, with fines and costs totalling £1,135; and 123 education prosecutions. We continued to defend civil claims received against the Council, including a claim for personal injury which was discontinued following our application that the claimant's case was fraudulent

We completed four S106 Agreements, including a complex agreement for the Lower Hoddern Farm Development in Peacehaven which includes provision for affordable housing, as well as four S278 and two S38 Agreements. These secured contributions of £50,000 for the Council. During Q2 we collected debts totalling £179,923 and agreed repayment plans totalling a further £21,308.

We continued to advise and represent Children's Services in relation to vulnerable children both for pre-proceedings and court applications with the ultimate aim of keeping children with their families if it is safe to do so. A significant percentage of cases are able to conclude with placement with family and friends, supported by the local authority. The number of care proceedings court cases being issued has increased from 17 in Q1 to 28 in Q2.

During Q2 we had 15 contentious vulnerable adult cases and 32 Community Deprivation of Liberty Safeguards (DOLS) applications in the Court of Protection. Demand for DOLS applications remains high and we have worked with Adult Social Care (ASC) to design and develop a 'toolkit' to support ASC staff in preparing their DOLS cases.

Coroner Services – In Q2, on average 175 deaths per month were reported to the coroner, a slight decrease on previous months. 40% of these deaths required a post mortem, and 86 (16%) of these require an inquest. In the same period 57 inquests were closed.

The availability of pathologists is an ongoing risk; with visiting pathologists covering long term sickness at the Conquest hospital. The Council continues to work closely with the East Sussex Hospital Trust's Mortuary Managers and the Senior Coroner to manage the risk.

Regulation of Investigatory Powers Act (RIPA) – In Q2 there were no RIPA authorisations for directed surveillance.

Local Government Ombudsman complaints – 21 decisions were issued in Q2 and of these, seven were closed before a full investigation. The Ombudsman referred one of these seven back to the Council to conduct a Stage 3 Children's Services complaint. Of the 14 fully investigated, seven were closed with no fault and the following seven were closed with the complaint partly or fully upheld:

Adult Social Care (ASC) – Financial Assessment: The Council was at fault for failing to consider all of the complainant's housing costs when undertaking a financial assessment. We agreed to provide a written apology and to complete a financial reassessment, refunding any financial loss incurred as a result of the original assessment.

ASC – Financial Assessment: The Council was at fault for failing to properly consider disability related expenditure (DRE) during a financial assessment and for operating an inflexible DRE policy that required receipts, without room for discretion. We agreed to provide a written apology to the complainant, to undertake a further financial assessment, and to make payments of £750 to reimburse expenditure met from the household budget and for recognition of the time and trouble resulting from pursuing the complaint. We also agreed to review our policy and processes on DRE.

ASC – The Council was at fault for failing to provide sufficient information to enable the complainant to make a fully informed decision when her husband's nursing home closed and she had to find another suitable home. We agreed to reimburse £5,842 in fees that the complainant had paid and to apologise for any distress experienced.

Children's Services (CS) – Transport Assistance: The Council was a fault for failing to properly consider the safety of the walking route to school for the complainant's disabled son. We agreed to walk the route with the complainant in order to reassess its safety and have subsequently agreed to provide free school transport from September 2018 and to reimburse the complainant £1,250 of petrol costs.

CS – School Admissions: The Council was at fault for delegating to a school, the decision as to which year group a child should enter during an in-year admission – the Council should have made the decision. We agreed to issue an apology and pay £700 compensation. We also agreed to review our processes for in-year admissions to ensure that we make a best interest decision in accordance with the Admissions Code where a parent makes a request for their child to be educated in a different year group.

CS – Education Health and Care Plan (EHCP): The Council was at fault for failing to manage the complainant's expectations when she anticipated an early transfer for her child to an EHCP and for not giving her formal notification of the EHCP transfer review meeting. We agreed to apologise for the distress caused by this, to review our processes and to consider issuing a formal notification of meetings to parents.

CS – The Council was at fault for the way it handled a non-attendance referral, when we were made aware of bullying allegations. This case was the subject of a public report which was considered by the Governance Committee on 26 June 2018. We have written to apologise for the distress caused.

Effective publicity and campaigns – A countywide campaign to increase recycling by 1% was launched in July in partnership with district councils (except Lewes), using social media adverts and posts to increase knowledge about the role a household can play in reducing waste. Results from this first phase showed the adverts had a reach of more than 140,000 people and there were 524 extra visits to the recycling web page than in Q1.

Eight new providers of supported lodgings for young adults have been recruited, and 11 more are in the pipeline, since the start of an integrated marketing campaign. The campaign included local media and magazines, bus stop adverts, radio, and social media, and resulted in almost 6,000 visits to the supported lodgings webpage.

Media work – The press office dealt with 246 media enquiries during Q2 and there were 618 media stories about the Council, 455 of which were positive or neutral. We issued 35 press releases, which resulted in 128 media stories.

Web activity – A new website, Your East Sussex, saw 10,000 new users by August and helped to add 516 new subscribers to our digital newsletter for residents. Engagement with the newsletter was also high with an open rate of 59% and a click rate of 24% (10% is considered a good click rate for newsletters). Together the website and newsletter are part of the digital replacement of the printed Your County magazine, which has been discontinued.

Third Sector support – During Q2 3VA worked with Library Services to deliver an information day for five community libraries, who have said they would like to set up a virtual network to support each other.

SpeakUp is working to consolidate mechanisms for better connecting the locality/community networks, priority themes and areas of work from the eight networks. SpeakUp and East Sussex Better Together (ESBT) colleagues have finalised production of a joint "collaboration toolkit" to be rolled out across the county over the next few months. The toolkit aims to help partners navigate the governance and partnerships that help to deliver ESBT objectives, so that all organisations that play a part in the health and care system can contribute effectively.

The process for procuring a Civic Crowd Funding Platform provider has been completed and we hope to announce the preferred bidder in Q3. The first meeting of the Advisory Group took place in September, with the group agreeing to work with the new provider once the contract has been signed.

South East 7 (SE7) – Work in Q2 concentrated on establishing a list of priority areas for the SE7 to focus its future lobbying and representative work. The priorities (delivering continued sustainable economic growth in the South East, fair funding and building a society that works for all people of all ages) were reported to the October SE7 Leaders' Board meeting where they were agreed and will inform the partnership's work going forward.

Further preparation for the partnership's meeting with Lord Henley, Minister for Local Industrial Strategies, also took place in Q2. The meeting, in mid-October, will be an opportunity to set out the SE7 authorities' track record on delivering local growth and what more could be achieved with targeted support from the Minister and his Department. The SE7 Chief Executives' Group continue to meet regularly and senior civil servants from the MHCLG attended the September meeting to consider a range of topics including the steps the Ministry can take to secure the financial sustainability of local authorities.

World War 1 (WW1) commemorations – In Q2, 17,806 users viewed the East Sussex First World War website 30,417 times. This was a 44% increase in users and a 38% increase in views on Q2 2017/18.

The fourth and final Victoria Cross commemorative paving stone, dedicated to local soldier Private Claude Nunney VC, was unveiled by the Lord Lieutenant of East Sussex at the Hastings War Memorial in Alexandra Park on 2 September 2018. Just under 100 guests attended the unveiling ceremony, organised by the project, in partnership with Hastings Borough Council, including family descendants, representatives of the Canadian High Commission, veterans associations and local civic dignitaries. There was significant local press coverage of the ceremony.

We added eight new stories to our website in Q2, including one on Claude Nunney VC and one on the final months of the First World War. We also celebrated our four year anniversary and in addition to publishing our anniversary story summarising the project's achievements in the past year, we published the remaining local WW1 newspaper editions digitised by the project. The website has now published 255 stories and events, with 65% submitted by the public.

With the end of the First World War centenary approaching the project has begun to wind down, with the website and Twitter continuing to operate semi-actively until the end of November 2018. Plans are also underway to archive the website and the wealth of resources that have been contributed by the public over the last four years.

Health and Wellbeing Board (HWB) – The HWB completed a questionnaire on the review of the board over the summer and a workshop was held on 12 October 2018, with board members and other interested parties, to discuss practical ways to make the HWB more successful. A set of proposals will be shared with the group at the December HWB based on the commentary at the workshop.

Revenue budget summary – The net budget of £7.217m is expected to underspend by £100k. In Corporate Governance this is mainly due to staff vacancies **(ref i)**. In Corporate Support there is additional income **(ref ii)**.

Performance exceptions (See How to read this report for definition)

Performance measure	Outturn 17/18	Target 18/19	18/19 RAG				2018/19 outturn	Note ref
			Q1	Q2	Q3	Q4		
There are no Council Plan targets								

Savings exceptions (Projected - Red = will not be delivered but may be mitigated; Amber = on track to deliver but not in the year (& may be mitigated); Green = on track to deliver in the year)

Service description	Q2 2018/19 (£'000)				Note ref
	Target	Achieved	Slipped	Unachieved	
Savings					
Communications	54	54	-	-	
3rd Sector	30	30	-	-	
Legal Services (slippage from previous year)	25	25	-	-	
Total Savings	**109**	**109**	**0**	**0**	
Variations to Planned Savings					
	-	-	-	-	
Permanent Variations	**0**	**0**	**0**	**0**	
Total Permanent Savings & Variations	**109**	**109**	**0**	**0**	
	-	-	-	-	
Temporary Variations	**0**	**0**	**0**	**0**	
Total Savings with Variations	**109**	**109**	**0**	**0**	

Revenue budget

Divisions	Planned (£000)			Q2 2018/19 (£000)						Note ref
				Projected outturn			(Over) / under spend			
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net	
Corporate Governance	5,213	(669)	4,544	5,168	(672)	4,496	45	3	48	i
Corporate Support	2,939	(266)	2,673	3,099	(478)	2,621	(160)	212	52	ii
Total Governance	**8,152**	**(935)**	**7,217**	**8,267**	**(1,150)**	**7,117**	**(115)**	**215**	**100**	

Capital programme

Approved project	Total project – all years (£000)		2018/19							Note ref
			In year monitor Q2 (£000)				Analysis of variation (£000)			
	Budget	Projected	Budget	Actual to date	Projected 2018/19	Variation (over) / under budget	(Over) / under spend	Slippage to future year	Spend in advance	
No current programme for Governance	-	-	-	-	-	-	-	-	-	
Total Governance	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	

Strategic Risk Register – Q2 2018/19			
Ref	**Strategic Risks**	**Risk Control / Response and Post Mitigation RAG score**	
12	**CYBER ATTACK** The National Cyber Security Centre (NCSC) has highlighted the substantial risk to British web infrastructure with elevated levels of Cyber Crime being reported against all areas of government. Cyber-attacks often include multi vector attacks featuring internet based, social engineering and targeted exploits against hardware, software and personnel. The remote nature of the internet makes this an international issue and an inevitable risk. Examples of the impact of a Cyber Attack include: • Financial fraud related to phishing of executives and finance staff; • Loss of Personally Identifiable Information and subsequent fines from Information Commissioner's Office (4% of global revenue under the new General Data Protection Regulations); • Total loss of access to systems that could lead to threat to life. A successful cyber-attack can shut down operations - not just for a few hours, but rather for multiple days and weeks. The collateral damage, such as information leaks and reputational damage can continue for much longer. Added to that, backup systems, applications and data may also be infected and therefore, of little usable value during response and recovery operations - they may need to be cleansed before they can be used for recovery. This takes time and consumes skilled resources reducing capacity available to operate the usual services that keep the Council working.	Most attacks leverage software flaws and gaps in boundary defences. Keeping software up to date with regular patching regimes; continually monitoring evolving threats and re-evaluating the ability of our toolset to provide adequate defence'. Ongoing discussion and communication with the Info Sec industry to find the most suitable tools and systems to secure our infrastructure. Expanding Security Information and Event Management (SIEM) system capabilities to align with SCC and leverage latest standards of automation, detection and prevention. Development of “Security Advocates”. Trained staff that can cascade and share cyber security insights and highlight potential issues into the workforce. Promoting a visible approachable business based security team; Enhancing user awareness - Expanding E-Learning and policy delivery mechanisms to cover Cyber threat, educating staff around the techniques and methods used by active threats. With 77% of all malware installed via email, users to be given learning experiences of phishing at point of use in a safe and secure environment; Providing GDPR training and workshops to cascade vital skills and information to those affected by new Data Protection laws; ESCC servers moved to the Orbis Primary Data Centre for resilience – An accredited Tier 3 environment certified to these standards: • ISO 27001 - IT Governance and Information Security Management • ISO 9001 - Quality Standard in Customer Service, Customer Processes, Product Process and Service, Efficiency and Continuous Improvement • ISO 14001 - Environmental Management and Best Practices for Corporate Environmental Responsibility. Disaster Recovery services now to similarly be relocated to a Tier 3 Data Centre environment (Orbis Secondary Data Centre in Guildford).	R

Strategic Risk Register – Q2 2018/19			
Ref	**Strategic Risks**	**Risk Control / Response and Post Mitigation RAG score**	
4	**HEALTH** Failure to secure maximum value from partnership working with the NHS. If not achieved, there will be impact on social care, public health and health outcomes and increased social care cost pressures. This would add pressures on the Council's budget and/or risks to other Council objectives.	Implementation of East Sussex Better Together Programme by ESCC and Hastings and Rother CCG and Eastbourne, Hailsham and Seaford CCGs to transform health and social care in the county and deliver the Better Care Fund plan to improve outcomes for East Sussex residents, with robust governance arrangements reporting to County Council and Health and Wellbeing Board. In High Weald Lewes Havens the Connecting 4 You Programme has now been established to improve health and social care outcomes for residents. NHS England has applied formal directions to both NHS Hastings and Rother CCG and NHS Eastbourne, Hailsham and Seaford CCG which require them to develop and implement a financial recovery plan that contributes to achieving financial balance across the whole East Sussex system and ensures services are clinically sustainable as well as financially so. Leadership capacity, governance and wider capacity and capability of the CCGs will also be reviewed. Financial recovery will therefore be the focus of CCG and partnership attention for the rest of the financial year. The ambition of ESBT remains the same, however the pace of change will inevitably slow due to the need to achieve financial balance.	**R**
5	**RECONCILING POLICY, PERFORMANCE & RESOURCE** Failure to plan and implement a strategic corporate response to resource reductions, demographic change, and regional economic challenges in order to ensure continued delivery of services to the local community.	We employ a robust Reconciling Policy, Performance and Resources (RPPR) process for business planning. We have adopted a commissioning approach which means evaluating need and considering all methods of service delivery, which includes working with partner organisations to deliver services and manage demand. The Council Plan sets out targets for a 'One Council' approach to deliver our priorities and is monitored quarterly. The plans take account of known risks and pressures, including demographic changes and financial risks, to design mechanisms to deliver the Council's priorities. Central Government's plans for the future funding of local government services remain undeveloped. It is prudent therefore to continue to plan on the basis of current assumptions.	**R**

Strategic Risk Register – Q2 2018/19			
Ref	**Strategic Risks**	**Risk Control / Response and Post Mitigation RAG score**	
7	**SCHOOLS** Failure to manage the expected significant reduction in resources for school improvement from 2017/18 and the potential impacts of changing government policy on education, leading to reduced outcomes for children, poor Ofsted reports and reputational damage	• Work closely with schools to build a sustainable system across East Sussex, in order to ensure that the capacity and expertise is available to provide oversight of educational performance and to offer appropriate support and challenge where it is required. • Provide an opportunity for every school to be part of a local Education Improvement Partnership to support their ongoing improvement and for all partnerships to develop to the point where they provide a sustainable network through which all schools and other providers take responsibility for improvement in their local area. • Continue to develop commissioning model of school improvement including reviewing the level of trading by SLES to ascertain what is sustainable within reducing capacity and to identify core services that can be traded. • Continue to build relationships with academies and sponsors, including the Diocese of Chichester, ensure a dialogue about school performance, including data sharing. • Work with academies and maintained schools through the Education Improvement Partnerships to develop system leadership, school to school support and to broker partnerships to reduce pressure on SLES services. • Broker support to academies to address any performance concerns and investigate the feasibility of trading some LA school improvement services with all schools on a full cost recovery basis. • Where academies do not appear to be accessing appropriate support, bring this to the attention of the DfES, who may exercise their intervention powers. • Work with the Regional Schools Commissioner to ensure the work of the RSC and the LA is aligned and that schools have the support they need. • Review SLES activity in relation to our statutory responsibilities.	**R**

Strategic Risk Register – Q2 2018/19			
Ref	**Strategic Risks**	**Risk Control / Response and Post Mitigation RAG score**	
1	**ROADS** Wet winter weather, over recent years has caused significant damage to many of the county's roads, adding to the backlog of maintenance in the County Council's Asset Plan, and increasing the risk to the Council's ability to stem the rate of deterioration and maintain road condition.	The additional capital maintenance funding approved by Cabinet in recent years has enabled us to stabilise the rate of deterioration in the carriageway network and improve the condition of our principle road network. However a large backlog of maintenance still exists and is addressed on a priority basis. The County Council's asset management approach to highway maintenance is maintaining the overall condition of roads, despite recent year's winter weather. However, severe winter weather continues to be a significant risk with the potential to have significant impact on the highway network. The recently approved five year capital programme for carriageways 2018/19 to 2022/23, and the six year additional capital programme for drainage and footways 2017/18 to 2022/23 provide the ability to continue to improve condition and build resilience into the network for future winter events. The past winter (2017/18) has been more severe than previous years. We gritted 52,584 km last year and gritted over 98,000 km this year. There were also two periods of snowfall this year. Whilst this was manged well it has led to an increase in carriageway potholes, which will put some additional pressure on the revenue budget as a result. Changes to the grass cutting policy could have an impact on the efficiency of the drainage system, with more material in the drains if it is not managed effectively.	**A**
13	**DEDICATED SCHOOLS GRANT** Failure to manage the loss of flexibility in the allocation of the Dedicated Schools Grant and High Needs (HN) Block funding and the potential increased risk to the Council's budget.	The County Council has agreed an approach to mitigate and fund DSG reductions. Through the RPPR process, and building on previous work to offset DSG reductions, funding to offset expected reductions to the highest risk areas has been planned over the next 3 years. For HN block in particular, a significant amount of work has been undertaken, working with schools, to reduce the pressure in this area. The funding of DSG reductions as described above, will also help with this. The on-going RPPR process will continue to part-mitigate this risk.	**A**

Strategic Risk Register – Q2 2018/19

Ref	Strategic Risks	Risk Control / Response and Post Mitigation RAG score	
8	**CAPITAL PROGRAMME** As a result of current austerity, the capital programme has been produced to support basic need only and as a result of this there is no resource for other investment that may benefit the County e.g. that may generate economic growth. Additionally there is a risk, due to the complexity of formulas and factors that impact upon them, or changes in these, that the estimated Government Grants, which fund part of the programme, are significantly reduced. There is also a risk that the move from S106 contributions to Community Infrastructure Levy will mean that Council has reduced funding from this source as bids have to be made to Districts and Boroughs. Slippage continues to occur within the programme, which has an impact on the effective use of limited resources.	Governance arrangements have been reviewed and developed with Property for the delivery of Schools Basic Need and capital property works in support of the robust programme delivery of the basic need programme. The Education Sub Board, which in part focuses on future need for schools places, continues to inform the Capital Strategic Asset Board of key risks and issues within the School Basic Need Programme. Regular scrutiny by the Capital Strategic Asset Board, of programme and project profiles (both in year and across the life of the programme) occurs on a quarterly basis. Financial regulations have been updated to reflect the revised governance arrangements. The Board also proactively supports the seeking and management of all sources of capital funding, including; grants, S106, CIL, Local Growth Fund and European grants. A working group has been set up to develop the process for bidding for CIL and work continues with Districts and Boroughs to maximise the Council's receipt of this limited resource. There continues to be Finance representation at the cross departmental Local Growth Fund Oversight group. A review is underway to strengthen capital programme reporting and project profiling with a view to driving down the amount of slippage within the capital programme. Actions from this review will be implemented across Q2 and Q3.	A
9	**WORKFORCE** Stress and mental health are currently the top two reasons for sickness absence across the Council, potentially leading to reduced staff wellbeing, reduced service resilience, inability to deliver efficient service and / or reputational issues.	The 2018/19 Q1+2 sickness absence outturn for the whole authority (excluding schools) is 3.97 days lost per FTE, a decrease of 4.3% since the same period last year. Although stress/mental health remains the primary reason for absence during Q1+2, time lost due to stress/mental health during this period fell by 16.2% compared to Q1+2 last year. A range of initiatives to address stress/mental health absences have been implemented, including: • Funding has been agreed to train 80 Mental Health First Aiders across the organisation. • Managers 'Mental Health Awareness' workshops have now been introduced as part of the corporate training programme. • the Return to Work forms are being developed to include more guidance for managers on mental health conditions • In addition, targeted training sessions from HR, OH and Firstcare have been ongoing in order to provide guidance for managers with high level of stress in their teams.	A
10	**RECRUITMENT** Inability to attract high calibre candidates, leading to limited recruitment choices and therefore lack of the expertise, capacity, leadership and/or innovation required to deliver services and service transformation.	An analysis of our current workforce demographics and recruitment and retention 'hotspots' has been completed and is being considered by CMT. Recommendations include establishing a short life task and finish group to specifically identify proposals for future attraction and engagement strategies in the context of the developing core offer and future workforce therefore required. In addition, a new staff benefits platform, 'My Staff Shop', launched in September 2018; the Relocation Scheme has been updated to be in line with the market and a new e-Recruitment system is due to be implemented during the early part of 2019.	A

Strategic Risk Register – Q2 2018/19			
Ref	**Strategic Risks**	**Risk Control / Response and Post Mitigation RAG score**	
6	**LOCAL ECONOMIC GROWTH** Failure to deliver local economic growth, and failure to maximise opportunities afforded by Government proposal to allocate Local Growth Funding to South East Local Enterprise Partnership, creating adverse reputational and financial impacts.	The County Council and its partners have been successful in securing significant amounts of growth funding totalling £110m, via both the South East and Coast 2 Capital Local Enterprise Partnerships, to deliver a wide range of infrastructure projects in East Sussex. We have also secured outgoing EU funding for complementary economic development programmes supporting businesses to grow, including South East Business Boost, LoCASE, SECCADS and inward investment services for the county. The County Council is working with Wealden DC and developing a business case to secure Housing Infrastructure Funding (HIF) of approximately £30m. It will be submitted by March 2019. The aim is to accelerate housing development in Wealden, with the proposal if successful helping to unlock significant funding for county transport and school infrastructure improvements in one of our key Growth Corridors. The business case will also include an environmental mitigation package in recognition of the impact on the Ashdown Forest. Government is working on a new Shared Prosperity Fund, which seeks to combine growth funding and outgoing EU funding into one, and as a consequence we are working with partners to develop a pipeline of projects to ensure we are well-placed to capitalise when the fund is released, and calls for projects are issued. Government has also instigated a review of LEPs across the country, and we have contributed to the SE LEP response to Government to ask that the current SE LEP geography be retained.	**G**

1 Looked after Children Trend Data

1.1 On 31 March 2018 there were 606 Looked After Children (LAC) in ESCC; this represents an increase of 45 children (8.1%) as compared to 2016/17 and a rate of 56.9 per 10,000 population. This is just below the Income Deprivation Affecting Children Index (IDACI) expected rate (a measure in terms of population profiles and deprivation levels) of 57.2 and below the 2016 England rate of 60.3.

1.2 There is a strong link between rates of LAC and the rate of children subject to Child Protection (CP) Plans, with arguably some risk held at that lower level. The rate of children subject to CP plans has shown a sharp increase from 44.9 per 10,000 in 2016-17 to 52.9 per 10,000 in 2017/18. This is higher than the IDACI expected rate of 42.9 and the 2016 England rate of 43.1.

1.3 The LAC data only ever gives a snapshot of the children moving in and out of the system at a fixed date each month/year and considerable activity sits beneath it. The data below is referred to as ‘churn’. This cohort of children will come in and out of the system within the year, or some may come in and stay whilst others leave. It has been calculated that the churn figure for 2017/18 is 153 which, when added to the total number of LAC, equates to the service working with 759 children. This total figure is higher than last year (733 children), but the churn rate was lower than for the previous years (175 for 2016/17, 185 for 2015/16).

1.4 There was an increase in admissions to care from 198 during 2016/17 to 212 during 2017/18. This increase was across all age groups. The number of 0-5 year olds admitted to care during 2016/17 increased from 98 to 104 in 2017/18, with an increase in admissions for 6-12 year olds from 44 in 2016/17 to 50 for 2017/18, and for children aged 13+ an increase from 56 for 2016/17 to 58 in 2017/18.

1.5 At year end there was a decrease in the number of LAC discharged from care, from 183 in 2016/17 to 164. The number of 0-12 year olds discharged from care also fell to 89 during 17/18 from 106 in 16/17. This was made up of 60 0-5 year olds and 29 were 6-12 year olds. There was also a slight decrease in the 13+ age group from 77 discharged in 2016/17 to 75 in 2017/18.

1.6 The trend for the last three years is showing a picture of an overall increase in the number of LAC worked with year on year. During 17/18 there was an increased number of admissions and fewer discharges across every age cohort. This means that with the higher number of children being admitted to care, a lower proportion of the overall cohort moved into alternative permanent options such as adoption, special guardianship or returned to their birth families. This produced a net increase of children in permanent or long term foster placements, and significantly fewer in the churn data. The increase was largely related to the changes in policy and practice both locally and nationally in relation to children who suffer neglect, and the application of the Southwark Judgement whereby teenagers can be offered or request section 20 accommodation and hence become LAC rather than being viewed as homeless.

1.7 The trend within the specialist disability children’s and transition services has been a decrease in the number of LAC. At year end 2016/17 there were 43 LAC, which reduced to 34 at year end 2017/18. Throughout this period personal budgets were being offered to support families in a flexible way and 143 personal budgets were given to families assessed as requiring support, with the aim of preventing harm and family breakdown. Placement of disabled children made when they cannot remain within their families has largely mirrored proportionally that of non-disabled children, with an emphasis on placing close to home and in foster care wherever possible, with fewer children being placed in residential homes and out of county placements. At year end there were 8 children placed full time within the in house disability residential provision. The number of children placed out of county has reduced year on year to 8 children. These represent a small number whose health needs cannot be met within a family setting, local school or a children's home. 6 of these children are funded jointly by health budgets in the context of significant health issues, for example uncontrolled epilepsy or occasionally due to extreme challenging behaviour. The transforming care agenda and other local solutions are anticipated to reduce this number still further as plans are formulated to meet the health needs of disabled children more locally.

1.8 In terms of UASC, at year end ESCC was caring for 20 children, 4 fewer than the previous year. These young people were mainly male and over 16, with an additional 10 having ongoing support needs as care leavers. These young people usually arrived in a clandestine way via Newhaven, or were found elsewhere in East Sussex. East Sussex also continued to accept UASC via the National Transfer Scheme. A small number of young people disappeared from care placements before age assessments could be completed to determine whether they were indeed children.

1.9 The end of year snapshot data showing LAC placements were as follows (2017 figures in brackets);-

with foster carers	470	(429)
Of these: in house carers	331	(304)
Kinship carers	46	(38)
Agency carers	93	(87)
Placed for adoption	26	(30)
In supported lodgings	27	(14)
ESCC children's homes	21	(23)
Agency children's homes	29	(25)
Agency special schools	0	(1)
Placed with parents	20	(23)
Independent Living	4	(7)
Youth custody/secure unit	5	(5)
Hospital/NHS establishment	1	(1)
Absconded	0	(0)

2. Fostering

2.1 On 31st March 2018 there were 494 children in foster care. 409 of these children were placed with in-house foster placements as compared to 392 in the previous year. This includes in-house 'parent and child' placements, children subject to Special Guardianship Orders placed with their former foster carers and those older young people remaining in their 'Staying Put' fostering placements through to independence. As a result of increased LAC numbers overall, the number of East Sussex LAC placed with agency foster carers increased from 64 children 2016/17 to 85 at the end of March 2018.

2.2 As in 2016/2017 East Sussex County Council (ESCC) continued to be challenged in the number of foster carers that could be recruited. This is a national issue with the 'National Stocktake' report, published at the end of this financial year, confirming that there was a national shortage of foster carers.

2.3 Of the 534 referrals received between 1st April 2017 and 31st March 2018, 437 resulted in placements being made or children matched with carers and 97 were ultimately not required. However, on the 31st March 2018 there were still 36 active referrals for LAC waiting to be matched with foster carers. This will include children needing respite and some children for whom a planned entrance to care is being delayed whilst we look for a suitable placement. It became increasingly clear that the fostering market was struggling to respond to the level of demand and complexity that ESCC LAC were presenting and thus that a search for an agency placement was not a solution to a lack of placement in house.

2.4 ESCC Fostering Service recruited 19 households offering 37 placements in 2017/18 compared with 21 households in 2016/17 offering 50 placements. 1 of these households was a transfer from an Independent Fostering Agency (IFA) with both an ESCC LAC and a West Sussex LAC in placement at the point of transfer. A further 12 assessments were allocated and booked for presentation to the Fostering Panel but did not progress to completion. This was due to changes in personal circumstances, insufficient evidence or information provided at Stage 1, and in 2 cases there were family members who did not wish to be assessed and approved as foster carers. However, there were 13 fostering assessments still in progress at year end compared to 6 at year end in the previous year. Overall when the recruitment figures were combined with the retention data, ESCC had a net loss of 4.3%. This compared well with the last available national benchmarking data which was published in 2015/16 and set the national figure at a 12% loss.

2.5 East Sussex Supported Lodgings provision has continued to be an invaluable resource for LAC, Care Leavers and homeless young people. In 2017/18 the Supported Lodgings service benefitted from Corporate Transformation funding for the Housing and Accommodation project to extend housing options for Care Leavers and homeless young people. As a result of this funding, the service has reviewed its recruitment strategy to maximize the potential of all applicants applying to the service, and encouraged people with a wide range of differing skills and experiences to apply.

2.6 From June 2017 to the end of March 2018, 61 Care Leavers (85%) and 11 16/17 year old vulnerable homeless young people (15%) were placed with Supported Lodgings providers. In addition providers were encouraged to extend their approval potential to take more parent and child, emergency duty and complex placements. As of 31St March 2018 there were 38 Supported Lodgings households providing a total of 62 placements across the county. In addition there were 9 new approvals, providing 12 additional beds.

Further detail is included in the Fostering Service Annual Report 2017-18.

3. Physical and Mental Health

3.1 Notifications to the CCG (Designated Nurse LAC) of entry into care have shown a significant improvement in timeliness through 2017/18.

East Sussex LAC KPIs – LAC Medical team	1st Qtr	2nd Qtr	3rd Qtr
Initial Health Assessments			
ESCC Notifications of Entry to Care (requiring IHA)	**43**	**60**	**42**
ESCC Notifications received within 5 working days of entering care	**17**	**46**	**36**
% received within 5 working days of child entering care	**40%**	**77%**	**86%**

However, sometimes an appointment was delayed as consents and essential paperwork took a variable time to be sent to the medical team. In the last quarter only **12.5% (8/64)** referrals (including Notification, consents and essential paperwork) had been received within 5 days of a child entering care. This significantly impacted on the ability of the LAC medical team to see children within statutory timescales. However further discussion is ongoing with health colleagues because it is often not possible to apply the 'Gold Standard' of having signed parental consent to a medical or which allows access to parental health records. Unsurprisingly parents can often refuse to sign and provide consent of any kind. Further work is underway to try and address this and improve the rate of timely health assessments.

3.2 The delays in a child being seen within 28 calendar days of entering care have been identified jointly and are being addressed by the LAC health operational group (ESHT and ESCC) that was set up when the contract moved back to ESHT. ESCC have now developed a robust IHA tracking system which, in collaboration with EHST colleagues, is giving a clearer picture of where delays occur and an ability to track all IHAs that were due for children entering care in any given month.

3.3 Review Health Assessments (RHAs) were initiated by the LAC Nurse team with requests for consent and paperwork from social care 3 months prior to an assessment being due, following this up as necessary with repeat requests at intervals. This resulted in the high percentage of assessments within timescales. This process was, however, burdensome for clinical staff and was affecting nurses' time and impacting on their ability to attend LAC reviews or to follow up on health care plans. Therefore from April 2018 the process of requesting a RHA is now initiated by social care. This process is still bedding in but it is anticipated that this will resolve the clinical issues.

3.4 Over the year to March 2018, the LAC nursing team undertook 386 RHAs. 61 of these were commissioned by other Local Authorities (child placed in East Sussex) and 10 were for children who were Looked After by ESCC but placed across the border (within travelling distance). In total 56 young people declined a review health assessment.

East Sussex LAC KPIs - LAC Nursing team	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Review Health Assessments				
Number of RHAs completed by LAC nursing team	70	86	79	78
Number of young people declining a RHA	9	18	13	16
RHA of Primary children within 12 months of IHA or previous RHA	26/28	40/43	36/40	-
RHA of Secondary children within 12 months of IHA or previous RHA	34/34	29/31	29/30	-
RHA of 16 + young people within 12 months of IHA or previous RHA	7/8	11/12	6/9	-
Overall % RHA, for over 5 years, within timescales	**96%**	**93%**	**90%**	**-**

3.5 There is a particular challenge in commissioning both statutory health assessments and secondary health care (including CAMHS) for children placed out of area as processes are often complex and different areas have a variety of arrangements with providers. The IHAs for East Sussex children and young people placed out of area over the year were invariably delayed unless a young person was brought back to be seen by the local LAC medical team within East Sussex. The LAC nursing team will cover RHAs for all children placed within a reasonable distance in order to avoid delay. Young people placed in Brighton and Hove travel back into East Sussex for IHAs due to a variation in provision in that area. The LAC health teams participate in a regional NHS England network and this participation, together with the increasing collaboration with LAC health teams from neighbouring authorities, is beginning to address these concerns.

3.6 The LAC Mental Health Service (LACMHS) received 52 new referrals during 2017/18, all but 3 of which were accepted and an initial consultation was offered. The 3 which were not accepted were due to the referrals not meeting LACMHS criteria (e.g. no care plan for permanence). A number of children were also seen urgently due to the severity of the symptoms they presented, such as suicidal thoughts and/or serious self-harm, depression or psychotic symptoms. In addition, there was also a cohort of LAC in receipt of on-going therapeutic support such as individual therapy, dyadic therapy (child and carer together), systemic therapy and/or consultation to the foster carer and network. Over the year 2017/18 this ranged between 72 and 79 LAC at any one time. LACMHS also provided:

- One Therapeutic Parenting Group (working with 10 carers of 8 young people, their social workers and supervising social workers)
- Two Therapeutic Parenting Groups provided to the residential staff of Homefield, Brodrick House and Hazel Lodge
- Weekly consultation to staff at Homefield, Brodrick House and Hazel Lodge.
- Weekly consultation to the Through Care Team
- Monthly ‘drop in’ surgeries to the Fostering Service and each of the three LAC teams
- Mental health services commissioned by NHS England to Lansdowne Secure Unit, including sessions of a child and adolescent psychiatrist, a clinical psychologist, and a mental health nurse. One Therapeutic Parenting Group for LSU was also completed in April 2017.

3.7 LACMHS continued to work in close collaboration with its partner agencies to provide a service for children with a care plan of permanent placement away from their birth family. The response to new referrals continued to be prompt (e.g. a risk assessment being provided within one week) and ongoing therapeutic work was highly valued by all partners. The challenge for LACMHS has been the increased complexity of children within the LAC cohort, and the consequent demand for intensive ongoing support to the child/young person and their networks. The impact of this on service delivery meant that the waiting time for ongoing therapeutic interventions for some children was longer than the service would have wanted.

4. Adoption and Permanence

4.1 Supporting Information

	2014/2015	2015/2016	2016/2017	**2017/8**
1. Number of children adopted	43	45	38	**29**
2. Number of adoption matches (children)	56	32	38	**30**
3. Number of permanent fostering matches (children)	7	10	14	5
4. Number of East Sussex adoptive matches (children)	33	26	30	**30**
5. Number of ASE adoptive matches (children)	6	0	0	0

6. Number of inter-agency matches (children): Permanence: Adoption:	 3 17	 2 6	 0 8	 **1** **6**
7. Number of prospective adopters approved (households)	50	41	30	**25**
8. Number of permanent carers approved (households)	4	2	1	3
9. Number of children approved for adoption up to 31st March 2017 (including 2 re-approvals)	43	53	52	69
10. Number of children approved for permanence up to 31st March 2017	26	14	32	**24**
11. Number of approved adopters waiting to be matched	20	22	20	**12**
12.Number of disruptions presented to Panel: Permanence: Adoptions:	 0 0	 0 1	 0 0	 0 1

4.2 In 2017/18 there was a sharp increase in the number of children with a plan for adoption (ADM) from 52 children in 2016-2017 to 69. Within this group there were 2 large sibling groups of 6 and 5 respectively, plus a sibling group of 3 and 8 sibling pairs. Of the single children between the ages of 0-2 years, a number of them had significant complex medical needs and developmental delay. This cohort of children was particularly challenging in terms of family finding.

4.3 Despite the increased numbers of children approved, there were a number of plans changed unexpectedly which caused some delay, this was primarily due to late removal from the family home or to medical and legal complications. Nonetheless 30 matches were completed this year which was largely consistent with previous years.

4.4 During 2017/2018 the Adoption Service received 198 household enquiries, 81 households attended information events and 43 households registered their interest in adoption. The conversion rate from information event to registration remained high but unfortunately only 25 adopters were approved by the year end, this was a drop of 5 on 2016/2017. This was in part due to a significant number of the applicants having far more complex histories than the service had traditionally received. A number of assessments could not be completed and resulted in the applications being paused, whilst others were counselled out of adoption completely. This is the second year when the number of adopters being approved was lower than expected, and this has had an impact on the family finding element of the Service.

4.5 The Government's regionalisation agenda has gained significant momentum in the past year with 5 pilot regions going live in autumn 2017, and a further 4 going live in autumn 2018. ESCC is committed to the Adoption South East (ASE) partnership which submitted a bid earlier in the year. This proposal was accepted by the DfE who awarded a grant of £750k to explore the first stages of the development.

4.6 The adoption CAMHS service, AdCAMHS, has continued to offer a dedicated therapy and consultation service. The unique partnership model enabled clinicians and adoption social workers to think together to consider the therapeutic needs of children and their adoptive families. Undoubtedly the service contributed to the increased stability in adoption, promoted positive attachments and ultimately helped to prevent adoption breakdown for some families. Due to the limited clinical resource the service has considered therapists offering more consultations to social workers and doing less of the direct work, which could be bought in via the national Adoption Support Fund (ASF). AdCAMHS was offering therapeutic support to 64 children at year end.

4.7 The demand for an assessment for post adoption support has continued to rise. With the increased placement of children with complex needs, older children and sibling groups this has significantly raised the challenge of adequately supporting these families in the longer term. Some of the most complex family situations required the service to coordinate multidisciplinary approaches. In these situations it was essential that the service worked closely with colleagues in the wider social work teams to manage risk and safeguarding concerns which at times lead to the use of Child Protection Plans, or to children being readmitted to the care system. In addition, there were an increased number of adopters who requested respite due to the complexities of their adopted children and the impact of their presenting behaviours on the family.

Further detail is included in the Adoption Service Annual Report.

5. Residential Services

5.1 Most of the children's homes have again received positive inspection outcomes from Ofsted during 2017/18. Brodrick Road maintained Outstanding overall, with Hazel Lodge and Homefield Cottage achieving an overall rating of Good. This is a real credit to the managers and staff teams within the homes as they care for the most challenging and complex young people who are unable to remain living in foster homes. Lansdowne Secure Children's Home was also judged to be Good overall in July 2017 with Outstanding in outcomes for education and related learning activities with a judgement of Improved Effectiveness in the interim inspection (which Secure Children's Homes are subject to regardless of their full inspection judgement) in February 2018. In relation to the disabled children's homes the Bungalow received a judgment of Requires Improvement in December 2017. Acorns received an Ofsted judgement of Good in August 2017.

5.2 Homefield Cottage is registered for 4 children of single gender (female) with behavioural and emotional difficulties between the ages of 11-18 years, it is located in a residential area of Seaford. The home had a very challenging mix of young people towards the end of the year, resulting in damage to the fabric of the home and assaults on staff. However, those young people were moved to different placements and a period of redecoration has since improved the appearance of the home allowing new placements to be planned for the coming months.

5.3 Brodrick Road is registered for 4 children of either gender with emotional and behavioural difficulties between the ages of 8-18 years, it is located on a residential road in Hampden Park, Eastbourne. The home has cared for some very challenging young people and has been able to offer very supportive and positive outreach support to young people returning to their birth families or to move on accommodation options aged 16+. Those who have moved on have been replaced by young people with equally complex and demanding needs but the staff team have ensured that they all have their particular needs met.

5.4 Hazel Lodge is registered for 4 children of either gender with emotional and behavioural difficulties between the ages of 11-18 years, it is located in a residential area in St Leonards on Sea and has maintained a reasonably settled group despite discharges and admissions during this period. Two residents were successfully returned to the care of their family, which was a really positive outcome for them.

One resident unfortunately required admission to Lansdowne as a result of high risk involvement with local criminal groups and suspected county lines drug dealing.

5.5 Lansdowne has been granted £7.3 million by the DfE to expand the existing provision from 7 beds to 11/12 beds from March 2020. Work on the new extension will commence in October 2018. The new extension will contain a high dependency area which will meet the needs of those young people who have extremely challenging and complex behaviours and who need to be cared for away from the main group of residents for a time, until they can be integrated into the group. The work will make the home more adaptable and able to accept the types of referrals which are now being received from across the country. The management team will be planning additional recruitment of staff next year.

5.6 The Bungalow in Eastbourne continued to provide longer term care for severely disabled young people. It retained a relatively stable group of young people who would have been unable to live in a family environment, but who were enabled to remain close to their families with contact facilitated on site. The Bungalow team worked closely with the special schools to implement strategies for managing challenging behaviour and hopefully prevent breakdown of either the residential or the school placement. However, one young person was moved to a residential school due to her challenging behaviour which had become unmanageable in either the Bungalow or in the local special school.

5.7 Acorns in Bexhill provided regular overnight respite care for severely disabled young people. Despite this high level of support, some of the families were no longer able to care for their children and they moved in on a full time basis. Therefore Acorns managed a mixture of full time young people and those on respite. The strategy of reducing the number of disabled young people placed in residential schools, often out of county, meant that both units have managed some very complex and challenging behaviour during this period.

5.8 In relation to the children who receive a service from either The Bungalow or Acorns Unit there have been a range of specialist initiatives developed which include working with the transitions service to develop independence skills and move older adolescents onto adult placements at the age of 18.

6. Care Leavers Service

6.1 As a response to the Government's "Keep on Caring" strategy, the revised legislation and the appointment of a National Care Leaver's champion, ESCC undertook its own self-assessment of the service against the 10 'gold standards', which were developed from a range of sources including from the Ofsted framework, DfE data packs and the Children's Commissioner. The framework allowed ESCC to identify both its current strengths and the areas for development. The improvement plan for 2017/2018 formed the basis of a more sophisticated Local Offer which was drafted and consulted on with Care Leavers in March 2018. There remains some ongoing work for 2018 in relation to the formatting of the Offer and dissemination to young people and Corporate Parents. In addition, the opportunity for Care Leavers to return to the service for advice and guidance between the ages of 21 – 25 years is now embedded within local practice.

6.2 At the end of 2017/18, the service was working with 277 young people which was considerably higher than the 241 of the previous year. Of this cohort, 12 were under 16 compared to 13 in 16/17, 94 were 16 - 17 year olds (71 in 2016/17) and 171 18 - 24 year olds (157 in 2017/17). A significant proportion of these young people had highly complex behaviours with a range of challenging safeguarding issues. The introduction of the 'Through Care' model where younger LAC with chaotic challenging behaviours were referred to the service at an earlier stage has proved very beneficial for an increasing number of children. The aim of the pilot was to establish a relationship between the young person and a care leaving specialist to establish a more seamless transition into independence. This has worked well and very positive feedback has been received from a number of key stakeholders. A Coramvoice survey was commissioned to take place in the autumn of 2018 and will pick up this feedback directly.

6.3 The Care2Work multi agency strategic board has implemented a range of developments designed to improve the skills of care leavers and to ensure a successful transition into education and employment. The action plan has been reviewed and updated until end of March 2019 to consolidate and embed the good practice already established.

6.4 As of 31st March 2018, of the children who were in continuous care for at least 12 months before sitting their GCSE examinations, 90% (56/62) of 16 – 17 year olds (year 12) were in education, training and employment (EET). This exceeded the target of 80% and is an improvement of 18% on last year's data. 87% (27/31) of 17 - 18 year olds (year 13) were EET, exceeding a target of 70% and showing an improvement of 16% on last year's data. Of all eligible care leavers, four young people secured University places for September 2017 and the target for the percentage of Care Leavers at University was exceeded by 3% (Target 10%- Achieved 13%).

6.5 During the spring of 2017 there were no 16 and 17 year old young people placed in bed and breakfast accommodation and no over 18 year olds placed in bed and breakfast accommodation by the local authority. This was possible because of the additional investment provided by the ESCC transformation fund to improve the accommodation offer for vulnerable young people.

The Project has remained focussed on the 5 key areas:

- Vulnerable young people including care leavers and homeless young people
- Increasing the numbers of supported lodgings providers
- Developing the market and undertaking specialist commissioning for supported semi-independent and independent accommodation
- Developing a 'Staying Close' provision to residential children's homes
- Developing a medium and high risk Crash Pad accommodation

6.6 Transition planning for LAC who are the most complex in terms of disability and who will continue to receive a service from ASC is managed by a specialist Transitions Team within Adult Social Care.

7. Performance

7.1 Although performance is set out in the grid below, the 2017/18 national data set has not yet been published by the DfE, therefore this section does not benchmark the performance of ESCC against other local authorities or statistical neighbours for 2017/18. Despite there being a higher rate of LAC per 10,000, there have been some real improvements in performance in relation to adoption timeliness, placement moves and stability for children and suitable accommodation for Care Leavers, with good performance being maintained in the majority of other areas. There has been a dip in performance for young people aged 19-21 who were in education, employment or training. However, this is snapshot data and the other indicators in relation to employability of older LAC and Care Leavers remains well above the South East and national average. A specific report from the Virtual School will be available later in the year when educational outcomes have been validated nationally. The Independent Reviewing Officer Report also provides some helpful information.

Where performance has improved/increased it is shown with a ↑ and where it has dipped with a ↓

Indicator Ref	Description	2017/ 18 Value	2016/ 17 Eng	2016/ 17 Value	2015/ 16 Eng	2015/ 16 Value	2014/ 15 Eng	2014/ 15 Value
NI 58	Emotional & Behavioural Health of children in care	14.4 ↓	14.1	14.1 ↓	14.0	13.5 ↑	13.9	15.4 ↓
Adoption Scorecard 1	Average time between a child entering care and moving in with its adoptive family, for children who have been adopted. (3 year average)	454 days ↑	520 days	479 days ↑	558 days	516 days ↑	593 days	520 days ↑
Adoption Scorecard 2	Average time between an LA receiving court authority to place a child and the LA deciding on a match with an adoptive family (3 year average)	220 days ↓	220 days	212 days ↑	226 days	222 days ↓	223 days	190 days ↑
Adoption Scorecard 3	% of children who wait less than 14 months between entering care & moving in with their adoptive family (3 year average)	64% ↑	53%	61% ↑	47%	53% ↓	47%	57% ↑
NI62 Placements 1	Number of children looked after with 3 or more placements during the year	11.1% ↑	10.0%	13.8% ↓	10.0%	10.8% ↓	10.0%	9.7% ↓
NI63 Placements 2	% of LAC under 16 who've been lac for 2.5 years or more & in the same	70.2% ↓	70.0%	70.7% ↑	68.0%	65.0% ↑	68.0%	64.0% ↑

Indicator Ref	Description	2017/18 Value	2016/17 Eng	2016/17 Value	2015/16 Eng	2015/16 Value	2014/15 Eng	2014/15 Value
	placement for 2 years or placed for adoption							
Placements 3	% of LAC at 31st March placed outside LA boundary and more than 20 miles from where they used to live	10.3% ↓	13.0%	8.4% ↑	13.0%	9.4% ↑	12.5%	10.0% ↓
Leaving Care 2 * *see note below*	% of former relevant young people aged 19-21 who were in education, employment or training	51.9% ↓	50.0%	53.0% ↓	49.0%	61.0% ↑	47.8%	55.0% ↓
Leaving Care 3	% of former relevant young people aged 17-21 who were in suitable accommodation	77.3% ↑	84.0%	76.5% ↓	83.0%	81.7% ↑	80.7%	78.0% ↓
Thrive PI 9	Rate of Children looked after per 10,000 population aged under 18	56.9 ↓	62.0	53.0 ↓	60.0	51.7 ↔	60.0	51.7 ↑
PAF C19	Average of the % of children looked after who had been looked after continuously for at least 12 months who had an annual assessment and their teeth checked by a dentist during the previous 12 months.	88.2% ↓	86.0%	90.3% ↓	87.0%	92.8% ↑	87.7%	92.6% ↓
PAF C81	Final warnings, reprimands and convictions of lac	2.3% ↑	4.0%	3.4% ↑	5.0%	3.8% ↔	5.2%	3.8% ↓

** Leaving Care 2 Indicator – this is calculated using data collected at the time of each young person's 19th, 20th or 21st birthday.*

8. The Virtual School

8.1 The Virtual School (VS) for LAC maintained a core staffing establishment of caseworkers during 2017/18. These staff supported the education of all ESCC LAC, Care Leavers and adopted children wherever they were educated. A Teaching Assistant was also employed to enable direct work with LAC at the point of transition to a new setting or at other particularly challenging times. The VS advises on the placement and sustainability of specialist provision for disabled children by working in partnership with the Joint Agency Advisory Panel within ISEND.

8.2 Pupil Premium from the Government enabled the school to enhance its provision to schools, carers, individual LAC and to recruit a bank of specialist tutors. The primary focus for the use of this funding has been maintaining school placements and direct intervention to improve educational outcomes and school attendance (for full details of pupil premium spend and activity can be found in the Virtual School annual report). The VS continued to work with Bede's School to support LAC in boarding school settings. This has had positive outcomes both educationally and socially for all of these children. In addition, the VS team have continued to foster excellent working relationships across the Council and with the local community. Champions from different teams within the authority have raised the profile of LAC to ensure that needs are met quickly and to support effective joint working.

8.3 The attendance of LAC has continued to be an area of focus within the VS, with staff working as part of a countywide strategy to secure improved attendance.

8.4 Training in attachment has continued across East Sussex schools and the VS continued to develop partnerships with others in the LA working in the area of Mental Health and Emotional Well-being.

9. LAC who are Missing from Care and who are at risk of Child Sexual and Criminal Exploitation (CSE/CE)

9.1 Part way through 2017/2018, there was a change to the structure of the Multi Agency Child Sexual Exploitation Panel (MACSE). The primary change was to formally widen the remit of the MACSE panel to include children at risk of other forms of exploitation. The MACSE panel thus became the MACE Panel (Multi Agency Child Exploitation). The primary reason for this change was the continued identification of children at risk of criminal exploitation in East Sussex. This is most closely related to children being exploited to deal illicit drugs through county drug lines. The process still involved monthly multi agency meetings, on both sides of the county, co-chaired by Social Work Managers and the Police. A further positive multi agency audit was completed in April 2018 that identified continued positive working practices. The audit chose several of our highest risk children to be looked at in detail. The audit highlighted the positive multi agency information sharing that exists in these cases and that creative approaches are being used to try and reduce risk for children being exploited in this way. It was acknowledged however that criminal exploitation and county lines remains an increasing problem across East Sussex. We continue to see local East Sussex children being recruited and exploited in this way together with children from the London area who are also being sent to East Sussex as part of county lines activity. It is also worth noting that the recent OFSTED inspection in July 2018 also identified some examples of exceptional practice in how cases of this type were being addressed.

9.2 The strategic MACE Action Plan is overseen by the LSCB and remains a live document that is updated regularly and which includes details of emerging themes from the casework that is being carried out. The priorities for 2017/2018 included continuing to tackle the continuing risks around criminal exploitation and developing better ways to disrupt county lines activity. There was a continued focus on male children and the particular challenges in supporting them with criminal and sexual exploitation.

9.3 Throughout 2017/2018, all Return Home Interviews (RHIs) relating to missing children were carried out by a national charity, Missing People, an independent organisation commissioned by the 3 Sussex authorities to deliver this work across Sussex. During 2017/18 however, concerns emerged about the performance of Missing People and a decision was taken in May 2018 by all 3 authorities to terminate the contract. This ended therefore on 31st July 2018 and the service has been brought back in-house. All East Sussex Children who are either LAC or subject to the MACE panel discussion have their Return Home Interviews offered to them by their allocated Social Worker (or trusted professional). All other East Sussex children have this service offered by a team of Caseworkers now based in the Multi Agency Screening Hub (MASH). The weekly missing meeting within the MASH continues on both sides of the county, reviewing all missing episodes over the past week. The Registered Homes Managers are able to feed into this meeting as appropriate. This reflects the recognition that this group of a children are at a particularly high level of risk of and from going missing.

9.4 In 2017/18 54 LAC went missing, 32 of whom were missing more than once. There were also 10 LAC who were absent (ie not where they should be), and 4 of these were absent more than once. Of these there were 105 occasions of children being missing for less than 24 hours, 55 times when they were missing between 24-48 hours, 24 times when they were missing between 2 and 4 days and 10 times when they were missing for 5 days or more. All these children were actively tracked by Sussex Police and by Children Services staff. Risk assessments are regularly reviewed on high profile children who go missing and, where necessary, formal multi agency strategy discussions are held in line with Safeguarding Procedures.

9.5 Of the 54 LAC that went missing, 32 were male and 22 were female. 29 of this cohort were aged 16 and above.

10. Independent Reviewing Officer Service

10.1 The Independent Reviewing Office Service (IRO) is managed off line and is independent of the operational service for LAC and Care Leavers. However, IRO’s work closely with Social Workers and Managers across the LAC Service to ensure the quality and effectiveness of care planning and ensure best practice. ESCC IROs are a relatively stable staff group with many children having had the same IRO throughout their journey through care. They are a well-qualified and experienced team who exercise appropriate levels of challenge as part of the review processes.

10.2 Most reviews were held well within timescales, were flexible, tailored to the child’s needs and were compliant with at least minimum standards. IRO’s fulfilled most of their expected functions to at least minimum standards and evidenced areas of good practice. However, the increased numbers of LAC within the system resulted in increased caseloads for each IRO and did not allow for the level of scrutiny which ESCC should aspire to. During 2017/18 1549 LAC review meetings were held for 724 children compared to 1529 in 16/17 and 1229 in 15/16.

10.3 Participation by children in their reviews remained stable and reflected the performance of previous years. Whilst the majority of LAC were aware of their right to an advocate, the take up of this service was inconsistent and was identified as an area for future development. The Children In Care Council (CICC) reflected back to the IRO service during 17/18 that LAC reviews no longer felt that they belonged to the child and had drifted away from being 'the child's meeting'. Feedback from them suggested that the process had become overly bureaucratic with too many people in attendance. The IRO service has begun working with the CICC, LAC Managers and administrative staff to develop a more creative document and child centred processes and there is a commitment to re-launch the approach to LAC reviews in East Sussex during 2018/19.

10.4 Disabled children have largely retained consistent IRO's who were familiar with their needs and communication methods. The take up of advocacy has been limited among disabled children with the exception of the in-house children's homes. It is planned that this will be addressed by extending the advocacy service to the children with most complex needs regardless of their ability to fully understand or request this service.

10.5 The action plan 2018/19 for the IRO service will include:

- Develop a standalone form for IRO contribution to Care Proceedings
- Embed and develop the CPD programme
- Enhance the profile of IROs through lead areas and facilitating training
- Ensure robust, consistent scrutiny of care plans with use of the issues resolution process where necessary
- Roll out a more child friendly LAC review process/document in line with statutory duties and the requests of the CICC.
- Drive up standards within the unit to ensure that review decisions are circulated within timescales.
- Increase the expectation that IROs will visit or at least communicate with all LAC aged 5 and over between reviews.
- IROs will routinely record the quality of Health Assessments and PEPs.
- Dental Health amongst LAC in ESCC has been identified as being a particular cause for concern. This will be a focus for improvement across the LAC Service in 2018/2019. IROs will contribute to this target through pre and post review monitoring / discussions with carers, social workers and young people.

11. Corporate Parenting Panel

11.1 The Corporate Parenting Panel met quarterly during 2017/18 to scrutinise the performance of all services in relation to LAC and Care Leavers, paying particular attention to outcomes. It also received presentations from the Children in Care Council and from the East Sussex Foster Care Association. The reports set out below were presented and considered:

April 2017:

- Looked After Children (LAC) Statistics
- Ofsted Inspection reports for the following children's homes:
  - Acorns at Dorset Road
  - The Bungalow
  - Homefield Cottage
  - Lansdowne Secure Unit

- Children's Home Regulations 2015, Regulation 44: Inspection reports for December 2016 to February 2017 for the following children's homes:
  - Acorns at Dorset Road
  - Brodrick House
  - Hazel Lodge
  - Homefield Cottage

- Lansdowne Secure Unit
- The Bungalow, Sorrel Drive

July 2017:

- Independent Reviewing Officer (IRO) Annual Report 2016/17
- Annual progress report of the East Sussex Fostering Service
- Annual progress report of the East Sussex Adoption and Permanence Service
- Looked After Children (LAC) Statistics
- Ofsted Inspection reports for the following children's homes:
    - Hazel Lodge

- Children's Home Regulations 2015, Regulation 44: Inspection reports for April 2017 to June 2017 for the following children's homes:
    - Acorns at Dorset Road
    - Brodrick House
    - Hazel Lodge
    - Homefield Cottage
    - Lansdowne Secure Unit
    - The Bungalow, Sorrel Drive

October 2017:

- Looked After Children (LAC) Annual Report
- Looked After Children (LAC) Statistics

- Ofsted Inspection reports for the following children's' homes
    - Lansdowne Secure Unit
    - Brodrick House
    - Acorns at Dorset Road

- Childrens' Home Regulations, Regulation 44: Inspection reports for August 2017 – September 2017 for the following children's homes:
    - Acorns at Dorset Road
    - Brodrick House
    - Hazel Lodge
    - Homefield Cottage
    - Lansdowne Secure Unit
    - The Bungalow, Sorrel Drive

January 2018

- Presentation from the Children In Care Council (CiCC)
- East Sussex Foster Care Association (ESFCA)
- Looked After Children (LAC) Statistics
- The Virtual School Annual Report, including the use of Pupil Premium
- Ofsted inspection reports for the following children's homes
    - The Bungalow, Sorrel Drive

- Children's Home Regulations 2015, Regulation 44: Inspection reports for October 2017 – November 2017 for the following children's homes:
    - Acorns at Dorset Road
    - Brodrick House
    - Hazel Lodge
    - Homefield Cottage
    - Lansdowne Secure Unit
    - The Bungalow Sorrell Drive

12. Conclusion

12.1 Overall the LAC service continued to perform well during 2017-18 and to achieve good outcomes for children in the care of ESCC. The pressure on recruitment and retention of in house carers and on availability of placements within the private market in the South East has impacted on placement stability, especially for those children with the most complex needs.

12.2 The challenge for 2018/19 is to continue to ensure that the right children are in the right placements for the right amount of time, and that we secure the best outcomes possible within a context of reducing resource in Children Services.

12.3 It should be noted that shortly following year end, an Ofsted ILACs inspection was completed and reviewed the performance of the LAC services. It was very pleasing to note that a judgement of Outstanding was given to the overall service.

Appendix 18

TREASURY MANAGEMENT POLICY AND STRATEGY 2019/20

East Sussex County Council

CONTENTS

1. INTRODUCTION

1.1 Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested counterparties or instruments commensurate with the Council's risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

CIPFA defines treasury management as:

"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

Revised reporting is required for the 2019/20 reporting cycle due to revisions of the Ministry for Housing Communities and Local Government (MHCLG) Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code. The primary reporting changes include the introduction of a capital strategy, to provide a longer-term focus to the capital plans, and greater reporting requirements surrounding any commercial activity undertaken under the Localism Act 2011. The capital strategy is being reported separately.

1.2 Reporting Requirements

1.2.1 Capital Strategy

The CIPFA revised 2017 Prudential and Treasury Management Codes require, for 2019/20, all local authorities to prepare an additional report, a capital strategy report, which will provide the following:

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed

- the implications for future financial sustainability

The aim of the capital strategy is to ensure that all elected members on the full council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

This capital strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset. The capital strategy will show:

- The corporate governance arrangements for these types of activities;
- Any service objectives relating to the investments;
- The expected income, costs and resulting contribution;
- The debt related to the activity and the associated interest costs;
- The payback period (MRP policy);
- For non-loan type investments, the cost against the current market value;
- The risks associated with each activity.

Where a physical asset is being bought, details of market research, advisers used, (and their monitoring), ongoing costs and investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.

Where the Council has borrowed to fund any non-treasury investment, there should also be an explanation of why borrowing was required and why the MHCLG Investment Guidance and CIPFA Prudential Code have not been adhered to.

If any non-treasury investment sustains a loss during the final accounts and audit process, the strategy and revenue implications will be reported through the same procedure as the capital strategy.

1.2.2 Treasury Management reporting

The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

a. **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers:

- the capital plans, (including prudential indicators);
- a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
- an investment strategy, (the parameters on how investments are to be managed).

b. **A mid-year treasury management report –** This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

c. **An annual treasury report –** This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

This Council delegates responsibility for implementation and monitoring treasury management to Cabinet and responsibility for the execution and administration of treasury management decisions to the Section 151 Officer. Cabinet therefore receives the Mid Year and Annual treasury reports in December each year.

The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Audit Committee.

1.3 Treasury Management Strategy for 2019/20

The strategy for 2019/20 covers two main areas:

Capital issues

- the capital expenditure plans (section 2) and the associated prudential indicators (Annex C);
- the minimum revenue provision (MRP) policy (Section 3).

Treasury management issues

- the current treasury position (section 1.5);
- treasury indicators which limit the treasury risk and activities of the Council (Annex C);
- prospects for interest rates (Annex B);
- the borrowing strategy (section 2);
- policy on borrowing in advance of need (section 2.2);
- debt rescheduling (section 2.3);
- the investment strategy (section 4);
- creditworthiness policy (section 4.4); and
- the policy on use of external service provider (section 5.3).

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

1.4 Treasury Management Policy Statement

The policies and objectives of the Council's treasury management activities are as follows:

i) This Council defines its treasury management activities as

'The management of the authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks'.

ii) This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council, and any financial instruments entered into to manage these risks.

iii) This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance management techniques, within the context of effective risk management.

1.5 Current Treasury Position

A summary of the council's borrowing & investment portfolios as at 30th November 2018 and forecast at the end of the financial year is shown in **Table 1** below:

Table 1	**Actual at 30 November 2018**			**Forecast to 31 March 2019**		
	£'000	**% of portfolio**	**Average Rate**	**£'000**	**% of portfolio**	**Average Rate**
Investments						
Banks	182,000	74%	0.99%	190,000	81%	0.99%
Local Authorities	22,500	9%	1.09%	27,500	12%	1.09%
Money Market Funds	38,000	15%	0.74%	11,500	5%	0.75%
CCLA Pooled Property Fund	5,000	2%	4.00%	5,000	2%	4.00%
Total Investments	**247,500**	**100%**	**1.02%**	**234,000**	**100%**	**1.05%**
Borrowing						
PWLB loans	233,570	95%	4.83%	230,275	95%	4.78%
Market loans	12,900	5%	4.00%	12,900	5%	4.00%
Total external Borrowing	**246,470**	**100%**	**4.79%**	**243,175**	**100%**	**4.74%**

2. BORROWING STRATEGY

The capital expenditure plans of the council are set out in the Capital Strategy Report being considered by full Council on 5 February 2019. The treasury management function ensures that the council's cash is organised in accordance with the relevant professional codes so that sufficient cash is available to meet the capital expenditure plans.

Any capital investment that is not funded from these new and/or existing resources (e.g. capital grants, receipts from asset sales, revenue contributions or earmarked reserves) increases the council's need to borrow. However, external borrowing does not have to take place immediately to finance it's related capital expenditure: the council can utilise cash being held for other purposes (such as earmarked reserves and working capital balances) to temporarily defer the need for external borrowing. This is known as 'internal borrowing'.

The council's primary objective is to strike an appropriate balance between securing cost certainty and securing low interest rates.

The council's cumulative need to borrow is known as the Capital Financing Requirement (CFR). The CFR and the actual level of external borrowing will differ according to decisions made to react to expected changes in interest rates and the prevailing economic environment. Where a decision to defer borrowing (or internally borrow) is made, the council will be underborrowed. Where a decision to borrow in advance of need to secure cost certainty, the council will be overborrowed.

The Council borrowed £25m in advance of need during 2016/17 at an average rate of 2.74% This move was to secure low cost borrowing to fund the capital programme. In order to secure historically low interest rates. As a result, cash balances remain high, and at a time where investment returns are low and counterparty risk continues to be relatively high, no further external borrowing has been entered into. A restructuring opportunity arose in October 2018, with one of the council's market lenders (RBS) offering to allow the council to repay the £23m loans on attractive terms. The Council funded the repayment through using cash within the investment portfolio, thereby reducing the overborrowed position of the Council's CFR.

There is also £11m is expected to be funded via borrowing in the 2018/19 Capital Programme. No new borrowing is expected to be undertaken to fund this, and this will be funded through cash balances. The combination of the repayment of loans and the £11m of borrowing to be funded from cash is expected to shift the Council's borrowing position compared to it's CFR from £25m overborrowed at 31 March 2018 to £8m underborrowed by 31 March 2019.

2.1 Borrowing Strategy for 2019/20

The council's Capital Programme 2019/20 to 2022/23 forecasts £271m of capital investment over the next four years with £197m met from existing or new resources. The increase in the council's borrowing need over this period is therefore £74m as shown in **Table 2** below.

2018/19 Projected £m	Table 2	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	Total £m
92	Capital Expenditure	103	80	45	43	271
(81)	**Financed by:** New & existing resources	(89)	(46)	(25)	(37)	(197)
11	**Borrowing Need**	**14**	**34**	**20**	**6**	**74**

Table 3 below shows the actual expected external borrowing against the capital financing requirement, identifying any under or over borrowing.

2018/19 Estimate £m	Table 3	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m
271	External Debt at 1 April	243	239	257	269
(28)	Expected change in Debt	(4)	18	12	(2)
243	**External Debt at 31 March**	**239**	**257**	**269**	**267**
247	CFR* at 1 April	252	260	286	299
11	Borrowing need (Table 2)	14	34	20	6
(6)	MRP	(6)	(7)	(8)	(8)
252	**CFR* at 31 March**	**260**	**287**	**299**	**296**
9	**Under / (Over) borrowing**	**21**	**30**	**30**	**29**

**CFR in Table 3 is the underlying need to borrow and excludes PFI and lease arrangements, which are included in the CFR figure in the Prudential Indicators in Annex C*

Table 2 demonstrates that the Council has a borrowing need of £74m over the next four years. The strategy will initially focus on meeting this borrowing need from internal borrowing; avoiding external borrowing by utilising the council's own surplus funds. This will reduce the net revenue cost of borrowing and reduce counterparty risk within the council's investment portfolio by reducing the portfolio size. However, borrowing rates have been volatile so far in 2018/19 and have increased modestly over the summer. Therefore the internal borrowing position needs to be carefully and continually reviewed to avoid incurring higher borrowing costs in the future at a time when the authority may not be able to avoid new borrowing to finance capital expenditure or refinance maturing debt.

There will remain a cost of carry (the difference between borrowing costs and investment rates) to any new long term borrowing that causes a temporary increase in cash balances which will, most likely, lead to a cost to revenue.

2.2 Policy on Borrowing in Advance of Need

The Council will not borrow purely in order to profit from investment of extra sums borrowed. Any decision to borrow in advance will be within approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds. Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting.

2.3 Debt Rescheduling

Officers continue to regularly review opportunities for debt rescheduling, but there has been a considerable widening of the difference between new borrowing and repayment rates, which has resulted in much fewer opportunities to realise any savings or benefits from rescheduling PWLB debt.

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

The strategy is to continue to seek opportunity to reduce the overall level of Council's debt where prudent to do so, thus providing in future years cost reduction in terms of lower debt repayments costs, and potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt. All rescheduling will be agreed by the S151 Officer.

2.4 Interest Rate Risk & Continual Review

The total borrowing need in **Table 2,** as well as the debt at risk of maturity shown in **Table 4** is the extent to which the council is subject to interest rate risk.

Table 4	**2019/20**	**2020/21**	**2021/22**	**2022/23**
	£m	**£m**	**£m**	**£m**
Maturing Debt	4	3	4	6
Debt Subject to early repayments options	6	6	6	6
Total debt at risk of maturity	**10**	**9**	**10**	**12**

Officers continue to review the need to borrow taking into consideration the potential increases in borrrowing costs, the need to finance new capital expenditure, refinancing maturing debt, and the cost of carry that might incur a revenue loss between borrowing costs and investment returns.

Against this background and the risks within the economic forecast, caution will be adopted with the 2019/20 treasury operations. The Chief Finance Officer will continue to monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- if it was felt that there was a significant risk of a sharp fall in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
- if it was felt that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.

3. MINIMUM REVENUE PROVISION POLICY STATEMENT

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the Capital Financing Requirement - CFR) through a revenue charge (the minimum revenue provision - MRP). Ministry of Housing, Communities and Local Government (MHCLG) regulations require the full Council to approve an MRP Statement in advance of each year. A variety of options are available to councils, so long as the principle of any option selected ensures a prudent provision to redeem its debt liability over a period which is commensurate with that over which the capital expenditure is estimated to provide benefits (i.e. estimated useful life of the asset being financed).

The below MRP Policy Statement reflects a change in policy for borrowing incurred both before and after 2008. The current policy is to make a provision on a straight line basis over a maximum period of 50 years for land and 40 years for other assets. Paragraph 2.4 of the main report details the rationale for making changes to the policy.

The Council is recommended to approve the following MRP Statement for 2018/19 onwards:

For borrowing incurred before 1 April 2008, the MRP policy will be:

- Annuity basis over a maximum of 40 years.

From borrowing incurred after 1 April 2008, the MRP policy will be:

- Asset Life Method (annuity method) – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations. A maximum useful economic life of 50 years for land and 40 years for other assets. This option will also be applied for any expenditure capitalised under a capitalisation directive.

For PFI schemes, finance leases and closed landfill sites that come onto the Balance Sheet, the MRP policy will be:

- Asset Life Method (annuity method) - The MRP will be calculated according to the flow of benefits from the asset, and where the principal repayments increase over the life of the asset. Any related MRP will be equivalent to the “capital repayment element” of the annual charge payable.

There is the option to charge more than the prudent provision of MRP each year through a Voluntary Revenue Provision (VRP).

For loans to third parties that are being used to fund expenditure that is classed as capital in nature, the policy will be to set aside the repayments of principal as capital receipts to finance the initial capital advance in lieu of making an MRP.

In view of the variety of different types of capital expenditure incurred by the Council, which is not in all cases capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure. This approach also allows the Council to defer the introduction of an MRP charge for new capital projects/land purchases until the year after the new asset becomes operational rather than in the year borrowing is required to finance the capital spending.

4. ANNUAL INVESTMENT STRATEGY

The MHCLG and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals with financial investments. Non-financial investments are covered in the Capital Strategy.

The Council's investment policy has regard to the following:

- MHCLG's Guidance on Local Government Investments (the "Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (the "Code")
- CIPFA Treasury Management Guidance Notes 2018

The Council's investment priorities will be the security of capital first, portfolio liquidity second and then yield (return).

4.1 Annual Investment Strategy for 2019/20

Investments will be made with reference to the core balance and cash flow requirements and the outlook for interest rates. Bank Rate is forecast to increase steadily but slowly over the next few years to reach 2.00% by Quarter 1 2022. Bank Rate forecasts for financial year ends (March) are:

2018/19	2019/20	2020/21	2021/22
0.75%	1.25%	1.50%	2.00%

Link Asset Service's (LAS) view on the prospect for interest rates, including their forecast for short term investment rates is appended at Annex B.

Following consultation, changes to the strategy were made from 2018/19 to broaden the risk profile by reducing liquidity and to include some suitable, alternative investment products that are held for the medium (2-5 years) to longer term (5 years+). These products can generate better overall returns but there is a higher risk of volatility of performance so a longer term commitment is required.

During 2018/19, £5m was invested in the CCLA Pooled Property Fund which was the first step into utilising the new instruments within the revised strategy. It is expected that further investments into the fund will take place during 2019/20, but the due diligence and subsequent decision to increase the Council's exposure to the Property fund will be undertaken during April/May 2019 once the impact of the withdrawal from the EU and the resultant prevailing economic environment has been appraised.

An options appraisal process will also be undertaken during 2019/20 to ascertain which of the other instruments are most appropriate to expand and diversify the Council's investment portfolio. This will include a thorough due diligence process which will consider the risks & returns of each investment type, the cash flow requirements over the investment time horizon and the diversification of risks across the whole investment portfolio. Risks will be assessed in the context of prevailing economic and market conditions. The result of this process will be reported as part of the 2019/20 Mid-Year report to Cabinet in December 2019.

Table 5 below summarises the changes to the 2018/19 & 2019/20 strategies from those approved in 2017/18. Each of the new investment products included are described in more detail in the paragraphs below. The inclusion of an investment product category in the strategy does not automatically result in investments being placed – investments will only be placed following a due diligence procedure as described above.

Table 5 - Investment options	2017/18	2018/19	2019/20
Money Market Funds (Including LVNAV)	✓	✓	✓
Bank Notice Accounts	✓	✓	✓
Fixed Term Bank Deposits	✓	✓	✓
UK Local Authorities	✓	✓	✓
Enhanced Money Market Funds (VNAV)	✓	✓	✓
Building Societies	✗	✓	✓
Pooled Property Funds	✗	✓	✓
Corporate Bond Funds	✗	✓	✓
Multi Asset Funds	✗	✓	✓
Equity Funds	✗	✗	✓

The primary principle governing the Council's investment criteria is the security of its investments, although the return on the investment is also a key consideration. After this main principle, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in and the criteria for choosing investment counterparties with adequate security, and monitoring their security;
- It has sufficient liquidity in its investments.

4.2 Investment Policy – Management of risk

Treasury management risks and how risks are managed and mitigated are identified in the Council's Treasury Management Practices and related procedures, details of which are held within the Council's Treasury Management Team. The main risks to the Council's treasury activities are:

- liquidity risk (inadequate cash resources);
- market or interest rate risk (fluctuations in interest rate levels and thereby in the value of investments);
- inflation risks (exposure to inflation);
- credit and counterparty risk (security of investments);
- refinancing risks (impact of debt maturing in future years); and
- legal and regulatory risk (i.e. non-compliance with statutory and regulatory requirements, risk of fraud).

The guidance from the MHCLG and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

i) Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.

ii) Other information: ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.

iii) Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

iv) This authority has defined the list of types of investment instruments that the treasury management team are authorised to use.

    a. **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year. The limits and permitted instruments for specified investments are listed within Table 7.

    b. **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. The limits and permitted instruments for non-specified investments are listed within Table 8.

v) Lending limits (amounts and maturity) for each counterparty will be set through applying the credit criteria matrix (within Table 7).

vi) This authority will set a limit for the amount of its investments which are invested for longer than 365 days, detailed in the Treasury Indicators in Annex C.

vii) Investments will only be placed with counterparties from countries with a specified minimum sovereign rating of AA+ (see paragraph 4.3).

viii) This authority has engaged external consultants, (see paragraph 5.3), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.

ix) All investments will be denominated in sterling.

x) As a result of the change in accounting standards for 2018/19 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the Ministry of Housing, Communities and Local Government, [MHCLG], concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from 1.4.18.).

4.3 Sovereign Credit Ratings

For 2019/20 it is recommended to maintain the policy of lending to sovereign nations and their banks which hold either a AAA or AA+ rating, with the exception of the UK which is currently rated AA by two of the three rating agencies (Aa2 Moody's). Maximum investment limits and duration periods will remain the same as in the previous strategy at £60 million and one year respectively. The list of countries that qualify using this credit criteria (as at the date of this report) are shown below:

AAA Australia, Canada, Denmark, Germany, Netherlands, Singapore, Sweden and Switzerland
AA+ (No Country currently)
AA UK

4.4 Creditworthiness Policy

The Council as part of its due diligence in managing creditworthiness, uses amongst other information, a tool provided by LAS. This tool employs a sophisticated modelling approach utilising credit ratings from the three credit rating agencies which is then supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- credit default swap (CDS) spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This weighted scoring system then produces an end product of a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments.

The Council (in addition to other due diligence consideration) will use counterparties within the following durational bands provided they have a minimum AA+ soverign rating from three rating agencies:

- Yellow *5 years*
- *Purple* *2 years*
- *Blue* *1 year (semi nationalised UK Bank – NatWest/RBS)*
- *Orange* *1 year*
- *Red* *6 months*
- *Green* *3 months*
- *No Colour* *Not to be used*

Y	***P***	***B***	***O***	***R***	***G***	***N/C***
Up to 5yrs	*Up to 2yrs*	*Up to 1yr*	*Up to 1yrs*	*Up to 6 months*	*Up to 100 days*	*Not to be used*

Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

The primary principle governing the Council's investment criteria is the security of its investments, although the return on the investment is also a key consideration. After this main principle, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in and the criteria for choosing investment counterparties with adequate security, and monitoring their security;

- It has sufficient liquidity in its investments.

All credit ratings are monitored daily. The Council is alerted to changes to ratings of all three agencies through its use of the LAS credit worthiness service. If a downgrade results in the counterparty or investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

In addition to the use of credit ratings, the Council will be advised of information re movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list. The counterparties in which the Council will invest its cash surpluses is based on officers assessment of investment security, risk factors, market intelligence, a diverse but manageable portfolio and their participation in the local authority market.

Table 7 below summarises the types of specified investment counterparties available to the Council, and the maximum amount and maturity periods placed on each of these. A full list of the Council's counterparties and the current limits for 2019/20 are appended at Annex A.

Criteria for Specified Investments

Table 7	Country/ Domicile	Instrument	Min. Credit Criteria/LAS colour band	Max. Amount	Max. maturity period
Debt Management and Deposit Facilities (DMADF)	UK	Term Deposits (TDs)	N/A	unlimited	12 Months
Government Treasury bills	UK	TDs	UK Sovereign Rating	unlimited	12 Months
UK Local Authorities	UK	TDs	UK Sovereign Rating	£60m	12 Months
Banks – part nationalised	UK	▪ TDs ▪ Deposits on Notice ▪ Certificates of Deposit (CDs)	N/A	£60m	12 Months
Banks	UK	▪ TDs ▪ Deposits on Notice ▪ CDs	Blue	£60m	12 Months
			Orange	£60m	12 Months
			Red	£60m	6 Months
			Green	£60m	100 Days
Building Societies	UK	▪ TDs ▪ Deposits on Notice ▪ CDs	Blue	£60m	12 Months
			Orange	£60m	12 Months
			Red	£60m	6 Months
			Green	£60m	100 Days
Individual Money Market Funds (MMF) CNAV and LVNAV	UK/Ireland/ EU domiciled	AAA Rated Money Market Fund Rating	N/A	£60m	Liqiuid

Table 7	Country/ Domicile	Instrument	Min. Credit Criteria/LAS colour band	Max. Amount	Max. maturity period
VNAV MMF's and Ultra Short Dated Bond Funds	UK/Ireland/EU domiciled	AAA Rated Bond Fund Fund Rating	N/A	£60m	Liquid
Banks – Non-UK	Those with sovereign rating of at least AA+*	▪ TDs ▪ Deposits on Notice ▪ CDs	Blue	£60m	12 Months
			Orange	£60m	12 Months
			Red	£60m	6 Months
			Green	£60m	100 Days

*See Paragraph 4.3 for full list of countries that meet these criteria

Non-Specified investments are any other types of investment that are not defined as specified. The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out in **Table 8** below:

Table 8	Minimum credit criteria	Maximum investments	Period
UK Local Authorities	Government Backed	£60m	2 years
Corporate Bond Fund(s)	Investment Grade	£30m	2 - 5 years
Pooled Property Fund(s)	N/A	£30m	5+ years
Mixed Asset Fund(s)	Appropriate rating	£30m	2 - 5 years

The maximum amount that can be invested will be monitored in relation to the Council surplus monies and the level of reserves. The approved counterparty list will be maintained by referring to an up-to-date credit rating agency reports, and the Council will liaise regularly with brokers for updates. Counterparties may be added to or removed from the list only with the approval of the Chief Finance Officer. A full list of the Council's counterparties and the current limits for 2019/20 are appended at Annex A.

Equity Fund(s)

The 2018/19 Annual Investment Strategy, as agreed at full Council 6 February 2018, included Equity funds into the list of authorised instruments from 2019/20 onwards.

Equity funds are pooled investment vehicles which invest in a range of sectors and stocks, providing the benefit of diversification whilst providing inflation beating returns long term. Equity funds are highly liquid, but it is recommended that they are used only as a long term investment tool (typically 5+ years) as a result of potential considerable volatility in prices in line with that of global equity markets.

5. OTHER TREASURY ISSUES

5.1 Banking Services

NatWest, which is part Government owned, currently provides banking services for the Council.

5.2 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Training was last provided to Audit Committee members on 22 November 2018 and further training will be arranged as required.

The training needs of treasury management officers are periodically reviewed and training arranged as required.

5.3 Policy on the use of External Service Providers

The Council uses Link Asset Services as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the Council at all times and will ensure that undue reliance is not placed upon our external service providers. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

5.4 Lending to Third Parties

The Council has the power to lend monies to third parties subject to a number of criteria. These are not treasury type investments rather they are policy investments. Any activity will only take place after relevant due diligence has been undertaken.

5.5 Updates to Accounting Requirements

- **IFRS 9 – Financial Instruments**

  The accounting treatment for all financial instruments will be in the scope IFRS9 from 2018/19. This is not expected to have significant impact on the Council's investment portfolio, but the key considerations are as follows:

  - A provision will be required for expected loss on the Council's investment portfolio as at the 31 March 2019 using the "expected loss" model, taking into account historical losses for instruments that carry a similar credit quality. To provide an estimate of the impact of this, a provision based on the investment portfolio as at 30th November 2018 would result in a provision being required of £0.032m.
  - The valuation of investments previously classified as Available for Sale (AfS) will now be classified as Fair Value through Profit & Loss (FVPL). Under this change, any gains or losses on the valuation to the council's pooled property fund holding at 31 March in each year would have to be charged to the general fund revenue account. Following the consultation undertaken by the Ministry of Housing, Communities and Local Government, [MHCLG], on IFRS9 the Government has introduced a mandatory statutory override for local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds. This will be effective from this financial year, 1 April 2018. The statutory override applies for five years from this date. Local authorities are required to disclose the net impact of the unrealised fair value movements in a separate unusable reserve throughout the duration of the override in order for

the Government to keep the override under review and to maintain a form of transparency.

- **IFRS 16 – Leasing**

  CIPFA issued a consultation to local authorities regarding the accounting impact of operating leases being bought onto the balance sheet. The Council's Prudential Indicators and Capital Financing Requirement will need to be amended to allow for leases which were previously off balance sheet being bought onto balance sheet from 1 April 2020. The authorised limit and operational boundary for 2020/21 onwards will be increased to reflect the effect of this change once assessed.

Counterparty List 2019/20

ANNEX A

Bank with duration colour	Country	Fitch Ratings				Moody's Ratings		S & P Ratings		CDS Price	ESCC Duration	Link Duration Limit	Money Limit
Specified Investments:		L Term	S Term	Viab.	Supp.	L Term	S Term	L Term	S Term		(Months)	(Months)	(£m)
Lloyds Banking Group:													
Lloyds Bank	UK	A+	F1	a	5	Aa3	P-1	A+	A-1	67.64	12	12	60
Bank of Scotland	UK	A+	F1	a	5	Aa3	P-1	A+	A-1	60.16	12	12	
RBS/NatWest Group:													
NatWest Bank	UK	A-	F2	bbb+	5	A1	P-1	A-	A-2	-	12	12	60
Royal Bank of Scotland	UK	A-	F2	bbb+	5	A1	P-1	A-	A-2	-	12	12	
HSBC Bank	UK	AA-	F1+	a	1	Aa3	P-1	AA-	A-1+	44.23	12	12	60
Barclays Bank	UK	A	F1	a	5	A2	P-1	A	A-1	91.04	6	6	60
Santander (UK)	UK	A	F1	a	2	Aa3	P-1	A	A-1	-	6	6	60
Goldman Sachs IB	UK	A	F1	-	1	A1	P-1	A+	A-1	90.14	6	6	60
Standard Chartered Bank	UK	A+	F1	a	5	A1	P-1	A	A-1	58.72	6	6	60
Nationwide Building Society	UK	A	F1	a	5	Aa3	P-1	A	A-1	-	6	6	60
Coventry Building Society	UK	A	F1	a	5	A2	P-1	-	-	-	6	6	60
Non UK Counterparties:													
Australia & New Zealand Banking Group	Australia	AA-	F1+	aa-	1	Aa3	P-1	AA-	A-1+	68.33	12	12	60
Commonwealth Bank of Australia	Australia	AA-	F1+	aa-	1	Aa3	P-1	AA-	A-1+	70.32	12	12	60
National Australia Bank	Australia	AA-	F1+	aa-	1	Aa3	P-1	AA-	A-1+	69.36	12	12	60
Westpac Banking Corporation	Australia	AA-	F1+	aa-	1	Aa3	P-1	AA-	A-1+	70.36	12	12	60
Royal Bank of Canada	Canada	AA	F1+	aa	2	A1	P-1	AA-	A-1+	-	12	12	60
Toronto Dominion	Canada	AA-	F1+	aa-	2	Aa1	P-1	AA-	A-1+	-	12	12	60
Dev. Bank of Singapore	Singapore	AA-	F1+	aa-	1	Aa1	P-1	AA-	A-1+	-	12	12	60
Oversea Chinese Banking Corp	Singapore	AA-	F1+	aa-	1	Aa1	P-1	AA-	A-1+	-	12	12	60
United Overseas Bank	Singapore	AA-	F1+	aa-	1	Aa1	P-1	AA-	A-1+	-	12	12	60

Continued Counterparty list Bank with duration colour	Country	Fitch Ratings				Moody's Ratings		S & P Ratings		CDS Price	ESCC Duration	Link Duration Limit	Money Limit
		L Term	S Term	Viab.	Supp.	L Term	S Term	L Term	S Term		(Months)	(Months)	(£m)
Svenska H	Sweden	AA	F1+	aa	5	Aa2	P-1	AA-	A-1+	-	12	12	60
Nordea Bank AB	Sweden	AA-	F1+	aa-	5	Aa3	P-1	AA-	A-1+	-	12	12	60
ABN AMRO Bank	Netherlands	A+	F1	a	5	A1	P-1	A	A-1	-	6	6	60
Rabobank	Netherlands	AA-	F1+	a+	5	Aa3	P-1	A+	A-1	36.00	12	12	60
ING Bank NV	Netherlands	A+	F1	a+	5	Aa3	P-1	A+	A-1	39.27	12	12	60
UBS	Switzerland	AA-	F1+	a+	5	Aa2	P-1	A+	A-1	43.65	12	12	60
Credit Suisse	Switzerland	A	F1	a-	5	A1	P-1	A	A-1	97.27	6	6	60
DZ Bank	Germany	AA-	F1+		WD	Aa1	P-1	AA-	A-1+	-	12	12	60
Danske Bank	Denmark	A	F1	a	5	Aa2	P-1	A	A-1	60.20	6	6	60

Yellow	***Purple***	***Blue***	***Orange***	***Red***	***Green***	***No Colour***
Up to 5yrs	*Up to 2yrs*	*Up to 1yr (semi nationalised UK bank NatWest/RBS)*	*Up to 1yr*	*Up to 6 months*	*Up to 100 days*	*Not to be used*

Non-Specified Investments:			
	Minimum credit Criteria	**Maximum Investments**	**Period**
UK Local Authorities	Government Backed	£60m	2 years
Corporate Bond Fund(s)	Investment Grade	£30m	2 – 5 years
Pooled Property Fund(s)	N/A	£30m	5+ years
Mixed Asset Fund(s)	Appropriate rating	£30m	2 - 5 years

ANNEX B

ECONOMIC OVERVIEW

Provided by Link Asset Services 8 January 2018

GLOBAL OUTLOOK. World growth has been doing reasonably well, aided by strong growth in the US. However, US growth is likely to fall back in 2019 and, together with weakening economic activity in China, overall world growth is likely to weaken.

Inflation has been weak during 2018 but, at long last, unemployment falling to remarkably low levels in the US and UK has led to a marked acceleration of wage inflation. The US Fed has therefore increased rates nine times and the Bank of England twice. However, the ECB is unlikely to start raising rates until late in 2019 at the earliest.

KEY RISKS - central bank monetary policy measures

Looking back on nearly ten years since the financial crash of 2008 when liquidity suddenly dried up in financial markets, it can be assessed that central banks' monetary policy measures to counter the sharp world recession were successful. The key monetary policy measures they used were a combination of lowering central interest rates and flooding financial markets with liquidity, particularly through unconventional means such as quantitative easing (QE), where central banks bought large amounts of central government debt and smaller sums of other debt.

The key issue now is that that period of stimulating economic recovery and warding off the threat of deflation, is coming towards its close. A new period is well advanced in the US, and started more recently in the UK, of reversing those measures i.e. by raising central rates and, (for the US), reducing central banks' holdings of government and other debt. These measures are now required in order to stop the trend of a reduction in spare capacity in the economy and of unemployment falling to such low levels, that the re-emergence of inflation is viewed as a major risk. It is, therefore, crucial that central banks get their timing right and do not cause shocks to market expectations that could destabilise financial markets. In particular, a key risk is that because QE-driven purchases of bonds drove up the price of government debt, and therefore caused a sharp drop in income yields, this also encouraged investors into a search for yield and into investing in riskier assets such as equities. Consequently, prices in both bond and equity markets rose to historically high valuation levels simultaneously. This meant that both asset categories were exposed to the risk of a sharp downward correction and we have indeed, seen a sharp fall in equity values in the last quarter of 2018. It is important, therefore, that central banks only gradually unwind their holdings of bonds in order to prevent destabilising the financial markets. It is also likely that the timeframe for central banks unwinding their holdings of QE debt purchases will be over several years. They need to balance their timing to neither squash economic recovery, by taking too rapid and too strong action, or, conversely, let inflation run away by taking action that was too slow and/or too weak. The potential for central banks to get this timing and strength of action wrong are now key risks. At the time of writing, (early January 2019), financial markets are very concerned that the Fed is being too aggressive with its policy for raising interest rates and was likely to cause a recession in the US economy.

The world economy also needs to adjust to a sharp change in liquidity creation over the last five years where the US has moved from boosting liquidity by QE purchases, to reducing its holdings of debt, (currently about $50bn per month). In addition, the European Central Bank ended its QE purchases in December 2018.

UK. The flow of positive economic statistics since the end of the first quarter of 2018 has shown that pessimism was overdone about the poor growth in quarter 1 when adverse weather caused a temporary downward blip. Quarter 1 at 0.1% growth in GDP was followed by a return to 0.4% in quarter 2 and by a strong performance in quarter 3 of +0.6%. However, growth in quarter 4 is expected to weaken significantly.

At their November quarterly Inflation Report meeting, the MPC repeated their well-worn phrase that future Bank Rate increases would be gradual and would rise to a much lower equilibrium rate, (where monetary policy is neither expansionary of contractionary), than before the crash; indeed they gave a figure for this of around 2.5% in ten years time, but declined to give a medium term forecast. However, with so much uncertainty around Brexit, they warned that the next move could be up or down, even if there was a disorderly Brexit. While it would be expected that Bank Rate could be cut if there was a significant fall in GDP growth as a result of a disorderly Brexit, so as to provide a stimulus to growth, they warned they could also *raise* Bank Rate in the same scenario if there was a boost to inflation from a devaluation of sterling, increases in import prices and more expensive goods produced in the UK replacing cheaper goods previously imported, and so on. In addition, the Chancellor could potentially provide fiscal stimulus to support economic growth, though at the cost of increasing the budget deficit above currently projected levels.

It is unlikely that the MPC would increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. Getting parliamentary approval for a Brexit agreement on both sides of the Channel will take well into spring 2019. However, in view of the hawkish stance of the MPC at their November meeting, the next increase in Bank Rate is now forecast to be in May 2019, (on the assumption that a Brexit deal is agreed by both the UK and the EU). The following increases are then forecast to be in February and November 2020 before ending up at 2.0% in February 2022.

Inflation. The Consumer Price Index (CPI) measure of inflation has been falling from a peak of 3.1% in November 2017 to 2.3% in November. In the November Bank of England quarterly Inflation Report, inflation was forecast to still be marginally above its 2% inflation target two years ahead, (at about 2.1%), given a scenario of minimal increases in Bank Rate. This inflation forecast is likely to be amended upwards due to the Bank's report being produced prior to the Chancellor's announcement of a significant fiscal stimulus in the Budget; this is likely to add 0.3% to GDP growth at a time when there is little spare capacity left in the economy, particularly of labour.

As for the **labour market** figures in October**,** unemployment at 4.1% was marginally above a 43 year low of 4% on the Independent Labour Organisation measure. A combination of job vacancies hitting an all-time high, together with negligible growth in total employment numbers, indicates that employers are now having major difficulties filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation picked up to 3.3%, (3 month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates less CPI inflation), earnings are currently growing by about 1.0%, the highest level since 2009. This increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. This tends to confirm that the MPC was right to start on a cautious increase in Bank Rate in August as it views wage inflation in excess of 3% as increasing inflationary pressures within the UK economy.

In the **political arena**, there is a risk that the current Conservative minority government may be unable to muster a majority in the Commons over Brexit. However, our central position is that Prime Minister May's government will endure, despite various setbacks, along the route to reaching an orderly Brexit in March 2019. If, however, the UK faces a general election in the next 12 months, this could result in a potential loosening of monetary and fiscal policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up.

Prospect for Interest Rates

The Council has appointed Link Asset Services (LAS) as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives LAS's central view.

Link Asset Services Interest Rate View													
	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	1.75%	2.00%
3 Month LIBID	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%
6 Month LIBID	1.00%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%
12 Month LIBID	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%
5yr PWLB Rate	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%
10yr PWLB Rate	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%
25yr PWLB Rate	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%

The flow of generally positive economic statistics after the quarter ended 30 June meant that it came as no surprise that the MPC came to a decision on 2 August to make the first increase in Bank Rate above 0.5% since the financial crash, from 0.5% to 0.75%. Growth became increasingly strong during 2018 until slowing significantly during the last quarter. At their November quarterly Inflation Report meeting, the MPC left Bank Rate unchanged, but expressed some concern at the Chancellor's fiscal stimulus in his Budget, which could increase inflationary pressures. However, it is unlikely that the MPC would increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. On a major assumption that Parliament and the EU agree a Brexit deal in the first quarter of 2019, then the next increase in Bank Rate is forecast to be in May 2019, followed by increases in February and November 2020, before ending up at 2.0% in February 2022.

The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. However, over about the last 25 years, we have been through a period of falling bond yields as inflation subsided to, and then stabilised at, much lower levels than before, and supported by central banks implementing substantial quantitative easing purchases of government and other debt after the financial crash of 2008. Quantitative easing, conversely, also caused a rise in equity values as investors searched for higher returns and purchased riskier assets. In 2016, we saw the start of a reversal of this trend with a sharp rise in bond yields after the US Presidential election in November 2016, with yields then rising further as a result of the big increase in the US government deficit aimed at stimulating even stronger economic growth. That policy change also created concerns around a significant rise in inflationary pressures in an economy which was already running at remarkably low levels of unemployment. Unsurprisingly, the Fed has continued on its series of robust responses to combat its perception of rising inflationary pressures by repeatedly increasing the Fed rate to reach 2.25 – 2.50% in December 2018. It has also continued its policy of not fully reinvesting proceeds from bonds that it holds as a result of quantitative easing, when they mature. We therefore saw US 10 year bond Treasury yields rise above 3.2% during October 2018 and also investors causing a sharp fall in equity prices as they sold out of holding riskier assets. However, by early January 2019, US 10 year bond yields had fallen back considerably on fears that the Fed was being too aggressive in raising interest rates and was going to cause a recession. Equity prices have been very volatile on alternating good and bad news during this period.

From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

Investment and borrowing rates

- Investment returns are likely to remain low during 2019/20 but to be on a gently rising trend over the next few years.
- Borrowing interest rates have been volatile so far in 2018-19 and while they were on a rising trend during the first half of the year, they have backtracked since then until early January. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt;
- There will remain a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

ANNEX C

PRUDENTIAL AND TREASURY INDICATORS 2019/20 to 2021/22

The Council's capital expenditure plans are a key driver of treasury management activities. The output of the capital expenditure plans are reflected in prudential indicators. Local Authorities are required to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable. The Code sets out the indicators that must be used but does not suggest limits or ratios as these are for the authority to set itself.

The Prudential Indicators for 2019/20 to 2021/22 are set out in **Table A** below:

Table A	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Capital Expenditure £m (gross) Council's capital expenditure plans	£103m	£80m	£45m
Capital Financing Requirement £m Measures the underlying need to borrow for capital purposes (including PFI & Leases)	£343m	£371m	£380m
Ratio of financing costs to net revenue stream** Identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against net revenue stream	5.77%	4.70%	4.68%

** the ratio of financing costs to net revenue stream illustrates the percentage of the Council's net revenue budget being used to finance the council's borrowing. This includes interest costs relating to the council's borrowing portfolio and MRP, net of the investment income from the council's investment portfolio.

The Treasury Management Code requires that Local Authorities set a number of indicators for treasury performance in addition to the Prudential Indicators which fall under the Prudential Code. The Treasury Indicators for 2019/20 to 2021/22 are set out in **Tables B & C** below:

Table B	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Authorised Limit for External Debt £m* The Council is expected to set a maximum authorised limit for external debt. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by Full Council.	£373m	£401m	£410m
Operational boundary for external debt £m* The Council is required to set an operational boundary for external debt. This is the limit which external debt is not normally expected to exceed. This indicator may be breached temporarily for operational reasons.	£353m	£381m	£390m
Principal Sums invested for longer than 365 days	£60m	£60m	£60m

Control on interest rate exposure: **Upper limit for fixed interest rate exposure*** Identifies a maximum limit for fixed interest rates for borrowing and investments.	100%	100%	100%
Control on interest rate exposure: **Upper limit for variable interest rate exposure*** Identifies a maximum limit for variable interest rates for borrowing and investments.	15%	15%	15%

Table C **Maturity Structure of fixed interest rate borrowing*** The Council needs to set upper and lower limits with respect to the maturity structure of its borrowing.		
	Lower	Upper
Under 12 months	0%	25%
12 months to 2 years	0%	40%
2 years to 5 years	0%	60%
5 years to 10 years	0%	70%
Over 10 years	0%	90%

Note-
**the Treasury Indicators above have been calculated and determined by Officers in compliance with the Treasury Management Code of Practice.*

ANNEX D

SCHEME OF DELEGATION

1. Full Council

In line with best practice, Full Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of polices, estimates and actuals. These reports are:

i. Treasury Management Policy and Strategy Report
The report covers:

- the capital plans (including prudential indicators);
- the Capital Strategy
- a Minimum Revenue Provision Policy (how residual capital expenditure is charged to revenue over time);
- the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

ii. A Mid-Year Review Report and a Year End Stewardship Report
These will update members with the progress of the capital position, amending prudential indicators as necessary, and indicating whether the treasury strategy is meeting the strategy or whether any policies require revision. The report also provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

2. Cabinet

- Approval of the Treasury Management quarterly update reports;
- Approval of the Treasury Management outturn report.

3. Audit Committee

- Scrutiny of performance against the strategy.

4. Role of the Section 151 Officer

The Section 151 (responsible) Officer:

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.

There are further responsibilities for the S151 Officer identified within the 2017 Code in respect of non-financial investments. They are identified and listed in the Capital Strategy where relevant.

ANNEX E

INVESTMENT PRODUCT GLOSSARY

Bank / Building Society: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.

Bank / Building Society Secured (Covered Bonds): These investments are secured on the bank's assets, which limit the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in.

Money Market Funds: An open ended fund that invests in short term debt securities, offers same-day liquidity and very low volatility.

Government: Loans, bonds and bills issued or guaranteed by UK government, local authorities and supranational banks. These investments are not subject to bail-in, and there is a minimal risk of insolvency.

Corporate Bonds: Bonds issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent.

Enhanced Cash / Bond Funds: Fund designed to produce an enhanced return over and above a Money Market Fund. The manager may use a wider range of alternative options to try and generate excess performance. These could include different counterparties, instruments as well as longer dated investments.

Pooled Property Funds: Shares in diversified property investment vehicles. Property funds offer enhanced returns over the longer term, but are more volatile in the short term. The funds have no defined maturity date, but are available for withdrawal after a notice period.

Mixed Asset Fund: Rather than focus on a particular asset class, these funds will look to invest across a broader range of classes in an effort to provide investors with a smoother performance on a year-to-year basis. Primarily, the asset classes will be equities and fixed income, but the latter will include both corporate and government-level investments.

Equity Fund: Equity funds are pooled investment vehicles that will focus investments primarily in UK equities.

INCOME SUMMARY	2018/19 Budget £	2018/19 Forecast £	2019/20 Budget £
Licences & Forest Rate	192,378	187,078	190,952
Countryside Stewardship Staff Uplift	104,840	102,000	115,000
Grants	79,648	80,648	45,000
Charitable Receipts and Donations	70,900	69,900	92,600
Sundry Receipts (meat sales and memorials)	12,150	27,202	24,600
Visitors	14,800	12,645	13,860
Financial	10	255	200
TOTAL UNRESTRICTED CORE INCOME	**474,726**	**479,728**	**482,212**
Restricted Funds (designated for specific purpose)	-	24,067	5,200
TOTAL CORE INCOME	**504,336**	**503,795**	**487,412**

EXPENDITURE SUMMARY	2018/19 Budget £	2018/19 Forecast £	2019/20 Budget £
Core Forest Staff Costs	344,616	345,512	366,500
Expenditure from Ringfenced Funding	-	12,073	-
Operational expenses (see paragraph 2.6)	69,850	81,817	51,078
Administration Overheads	62,220	60,354	43,154
Financial	21,750	21,502	23,280
Visitors	5,100	6,150	3,400
TOTAL NON CAPITAL CORE EXPENDITURE	**503,536**	**527,408**	**487,412**
Total Core Capital Expenditure	800	5,523	-
TOTAL CORE EXPENDITURE	**504,336**	**532,931**	**487,412**

SURPLUS/DEFICIT PROJECTION	Budget 2018/19 £	Forecast 2018/19 £	Budget 2019/20 £
Total Income	474,726	503,795	487,412
Total Expenditure	504,336	532,931	487,412
Surplus/Deficit	**(29,610)**	**(29,137)**	**-**
Planned allocation from reserves	**29,610**	**29,137**	**-**

Ashdown Forest Finances **Core Budget 2019/20**

INCOME	2018/19 Budget £	2018/19 Forecast £	2019/20 Budget Proposal £
Licences and Forest Rate	192,378	187,078	190,952
Other Rents/Licences and Wayleaves	93,770	92,570	94,052
Riding Permits	34,000	30,000	32,000
Acknowledgement Rent for Access Tracks	23,100	23,100	24,000
Forest Rate	23,940	23,940	24,000
Temporary licences (incl. Filming, Wood, Events, Fitness)	5,600	5,500	5,900
Licence preparation/deed of covenant/consideration fees	11,968	11,968	11,000
Countryside Stewardship Staff Recharge	104,840	102,000	115,000
Core staff: 1.8 multiplier difference above employee cost	54,840	52,000	50,000
Contracted-out in-house staff	50,000	50,000	65,000
Grants	79,648	80,648	45,000
ESCC	61,398	61,398	30,000
WDC	13,000	10,000	10,000
Parish Councils	5,250	9,250	5,000
Charitable Receipts and Donations	70,900	69,900	92,600
Ashdown Forest Trust	65,100	65,100	65,100
Donations	5,800	4,800	7,500
Car park donations and parking membership	-	-	20,000
Restricted Funds (designated for a specific purpose)	-	24,067	5,200
Education programme income (from schools)	-	11,817	-
CS Income for school visits (education programme)	-	7,250	-
Ashdown Forest Riding Association	-	4,000	4,000
Feed in Tariff (solar panels)	-	1,000	1,200
Sundry Receipts	12,150	27,202	24,600
Grazing project income	8,650	8,302	7,600
Sale of deer carcasses	-	6,000	10,000
Miscellaneous Other (deposits, memorials)	2,500	11,400	6,000
Renewable Heat Incentive (RHI)	1,000	1,500	1,000
Visitors	14,800	12,645	13,860
Barn sales	8,000	7,000	7,000
AF Centre Events (Pop-up café, Sheep Proof Your Dog)	4,500	4,000	4,500
Hire of premises/equipment/staff time	2,000	500	1,760
Talks by staff	100	100	100
Exhibition sales	200	1,045	500
Financial	10	255	200
Bank Interest	10	255	200
TOTAL INCOME	474,726	503,795	487,412

EXPENDITURE	2018/19 Budget £	2018/19 Forecast £	2019/20 Budget Proposal £
Staff Costs (Core team only)	344,616	345,512	366,500
Gross salaries	329,616	330,512	351,500
Employer's additional monetary pension contribution	15,000	15,000	15,000
Expenditure from Ringfenced Funding	-	12,073	-
Education Programme	-	12,073	-
Operational expenses	69,850	81,817	51,079
Transport, machinery, equipment (incl. vehicle insurance)	46,050	49,988	38,859
Staff expenses	3,950	4,750	2,400
Staff and volunteer training	2,500	2,500	1,000
Volunteer expenses	2,550	2,550	2,200
Bye laws and signage	500	1,237	-
Non-CS conservation(dangerous trees, exotics)	5,000	4,000	4,000
General Operations (car parks, bridges, litter, rides)	7,750	9,742	1,200
Other (memorials, subs, misc. amenity costs)	1,550	7,050	1,420
Administration Overheads	62,220	60,354	43,153
Forest Centre Running costs (rates, utilities, maintenance)	21,705	25,200	14,481
Post, phone, printing, stationery	5,825	6,330	6,000
Professional fees (audit, accountancy, legal)	10,850	3,600	6,000
Insurances	16,840	16,840	9,772
IT	6,500	7,884	6,600
Miscellaneous	500	500	300
Financial	21,750	21,502	23,280
Irrecoverable rents and rates and bad debts	100	50	-
Credit card terminal	850	850	1,300
Bank charges	800	602	980
Input VAT irrecoverable	20,000	20,000	21,000
Visitors	5,100	6,150	3,400
Information Centre (Shop stock)	3,000	3,000	2,500
Forest Centre Events	2,100	3,150	900
Total non-capital Expenditure	503,536	527,408	487,412
Capital expenditure	800	5,523	-
TOTAL EXPENDITURE	504,336	532,931	487,412

The Conservators of Ashdown Forest – Reserves	**£**
Reserves 1 April 2018	341,379
Forecast deficit 2018/19	(29,137)
Forecast reserves at 31 March 2019	312,242
Forecast Movement 2019/20	-
Forecast reserves at 31 March 2020	312,242
Minimum restricted reserve	196,000
Discretionary restricted reserves	79,816
Unallocated reserves	36,426
	312,242

Ashdown Forest Trust Fund 2019/20 Projected Income and Expenditure

ASHDOWN FOREST TRUST FUND	Budget 2018/19	Budget 2019/20
Income	£	£
Royal Ashdown Forest Golf Club- Rent	70,000	70,000
Bank Interest	15	250
	70,015	70,250
Expenditure		
Conservators of Ashdown Forest- Annual Grant	65,100	65,100
Professional & Audit Fees	6,740	6,500
	71,840	71,600
Surplus/Deficit	(1,825)	(1,350)
Balance Brought Forward	160,624	158,799
Balance Carried Forward	158,799	156,949

Countryside Stewardship Budget 2019/20

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RESERVE FORECAST TO YEAR END 2019	£
Reserve brought forward at 31 March 2018	201,118
Income/Expenditure Surplus/(Deficit) forecast for year end	41,397
Reserve carried over to 2018/19	(70,000)
Forecast Reserve/Project Carry Over at 31 March 2019	**172,515**

INCOME/EXPENDITURE SUMMARY

Budget Summary	INCOME 2018/19 £	EXPENDITURE 2018/19 £	INCOME 2019/20 £	EXPENDITURE 2019/20 £
Heathland Area Payment	431,775	375,583	431,775	441,386
Bracken Supplement	33,651	39,496	33,651	37,500
Educational Visits	7,250	7,250	7,250	7,250
Woodland CS: Deer project	45,000	45,000	45,000	45,000
Woodland CS: Woodland Management	5,000	13,950	5,000	16,199
TOTALS	522,676	481,279	522,676	547,335

EXPENDITURE BY PROJECT

CORE STAFF COSTS (excl. deer co-ordinator)	Budget 2018/19 £	Budget 2019/20 £
Core staff Totals	190,778	154,118
Total cost to employer (to include NI, pension)	124,820	109,023
1.8 multiplier difference to be attributed to Forest Core Budget	52,458	45,095
Contract Staff	13,500	-

PROJECTS SUMMARY	Budget 2018/19 £	Budget 2019/20 £
Heathland Area Projects	137,517	172,568
Manage Scrub (Gorse)	10,714	28,900
Wild Fire Risk and Plan	-	200
Birch, Oak, Willow and Scots Pine Control	15,000	30,000
Remove Rhododendron and Gaultheria (Heathland)	1,700	500
Provide/Maintain Livestock Control Structures (Invisible)	2,000	-
Provide/Maintain Livestock Control Structures (Visible)	35,000	32,668
Conservators Grazing - Cattle	10,000	11,594
Commoners Headage Payments	27,045	31,600
Conservators Grazing - Sheep	9,325	9,325

Conservators Grazing - Ponies	2,140	4,690
Livestock Welfare Facility - Barn	-	2,000
Manage Heather	3,500	350
Manage Grassland (Mowing)	1,000	173
Removal of Invasive Woodland	-	5,250
Control of non-native species (spraying)	6,380	2,850
Manage Habitat (open waters, etc) by excavation	2,000	500
Manage Habitat (open waters, etc)	320	500
Inform Stakeholders	1,000	-
Ashdown Forest Life	6,000	7,100
Volunteer Management and Expenses	4,193	4,268
Stakeholder Liaison (Biomass, Meat, Retail, Neighbours)	200	100
Bracken Supplement	39,496	37,500
Bracken Control	39,496	37,500
Educational Visits	7,250	7,250
School Visits - Teacher time & support costs	7,250	7,250
Woodland CS: Woodland Management	13,950	16,199
Rhododendron Removal Cutting/Spraying (Woodland)	4,167	5,000
Remove Turkey Oak	783	1,199
Create Glades	9,000	10,000
Woodland CS: Deer Management (See supporting budget)	45,000	45,000
Deer Project additional costs (excl.staff cost)	16,442	14,746
Staff cost: Total cost to employer (to include NI, pension)	20,299	18,024
1.8 multiplier on gross staff cost - recharge to Forest Core Budget	8,259	12,230
Fencing Public Consultation and Application	-	90,670
Project costs from Project Budget v1		43,257
Staff cost: Total cost to employer (to include NI, pension)	-	33,455
1.8 multiplier on gross staff cost - recharge to Forest Core Budget		13,958
TOTAL CS EXPENDITURE	**481,279**	**547,335**

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SCRUTINY REVIEW of SCHOOLS COPING WITH CHANGE – THE WAY FORWARD **APPENDIX 22**

CHILDREN’S SERVICES DEPARTMENT ACTION PLAN

SCRUTINY RECOMMENDATION		DIRECTOR’S RESPONSE AND ACTION PLAN	TIMESCALE
R1	The Chair of the People Scrutiny Committee to write on behalf of the committee to the Secretary of State for Education seeking further detail regarding his vision for schools and academies. In particular, the letter should seek clarity regarding the Department’s stance on the academy programme and the promotion of formal partnership arrangements.	The department and service welcome the intervention. Action: Chair of the People Scrutiny Committee to write on behalf of the committee to the Secretary of State for Education.	 Feb 19
R2	Work to be undertaken by the Local Authority to promote the leadership role of Governing Bodies and Head teachers. Such activity should seek to empower schools to consider actively their current organisational arrangements and the potential benefits of partnership arrangements. If already in some form of partnership, then relevant schools should review whether the benefits of their current arrangements are being fully exploited and actively consider how they strengthen these arrangements over the coming years.	The Council’s strategy *Excellence for All* contains a number of priority areas that promote the leadership role of Governing Bodies and Head teachers including: • Support leaders and governors to develop strong partnerships including federations and multi-academy trusts so that all schools and settings have a sustainable future. • Support the development and alignment of partnerships to provide sustainable system-led structures through which schools take responsibility for improvement in their local area, identifying underperformance and working together to secure strong outcomes on all measures. The department welcomes Scrutiny’s recognition of the role of school leaders in taking responsibility for ensuring sustainability, and Scrutiny’s recognition of the work undertaken by SLES to support this. There is good evidence of impact (15% of schools are in federations and a further 9% in collaborations), but we recognise that there is scope for more schools to actively consider their options for the future. Actions: The department will consider what more can be done within available resources to encourage strong partnerships as part of the forthcoming review of *Excellence for All*.	 Sept 19

R3	The Local Authority to undertake a thorough review of how the ongoing budget for SLES is best utilised. This will help ensure the purpose of the service and its staffing arrangements are appropriately aligned to meet the needs of the evolving educational landscape in East Sussex.	The department can provide reassurance that the service has anticipated the future landscape in relation to its staffing and planning. The planned major reduction in resources over the next three years was based upon a wholesale review in 2017/2018 and is aligned with the core offer. Given the recent review of SLES the department believes that a further wholesale review would not be appropriate at this time. However, the service continues to keep priorities, budget and staffing under review to ensure they are aligned. Action: The service will continue to keep under review priorities, budget and staffing arrangements to ensure they are aligned and deliver maximum impact for children and young people.	July 20
R4	a) The Local Authority to consider promoting to Head teachers and Governing Boards the benefits of a formal partnership arrangement, as well as developing its critical friend role with regard to partnership proposals. b) The Local Authority to consider also clarifying to individual schools at risk what it sees as the potential dangers to them of not actively pursuing a formal partnership arrangement.	The department welcomes the Scrutiny Review highlighting the potential benefits of partnerships to schools in appropriate circumstances. Action: The department will consider what more can be done within available resources to encourage strong partnerships as part of the forthcoming review of *Excellence for All*.	Sept 19
R5	The Local Authority to consider developing the next iteration of its *Excellence for All* strategy document and other related documents so that it: • promotes the development of formal partnership arrangements; • emphasises the leadership role of schools; and • offers bespoke advice that is tailored to meet the needs of rural primary and small schools.	Work to review and update our strategy *Excellence for All* will commence in May 2019 for publication in September 2019. The updated strategy will cover the period 2019-2021 and will take account of the core offer proposals. Action: The Scrutiny recommendations will be considered as part of the review of *Excellence for All.*	Sept 19
R6	So as to present a consistent and clear message to schools, and to draw on the	The department takes a planned strategic approach to engagement with other strategic bodies, in line with the relationship articulated in our strategy *Excellence*	

	combined strengths and experiences of each party, the Local Authority should seek to strengthen its relationships with the main strategic educational bodies in East Sussex. For example, this might include exploring the development of a common approach to formal partnerships.	*for All.* The department welcomes Scrutiny's recognition of the importance of these strategic relationships. However, ability to further develop work with partners will be limited given the planned reduction in resources in this area. Action: The department will take this recommendation into account when updating existing guidance on partnerships as part of the forthcoming review of *Excellence for All.*	Sept 19
R7	That the Local Authority develop further it's 'brokerage' role and develop innovative ways of facilitating school partnership that might not otherwise come into being.	The department welcomes Scrutiny's recognition of the important role the LA has taken in brokering school partnerships, federations and academy trusts. All academy trusts, bar one, have been brokered by the LA. The department's ability to further develop this role is limited given the anticipated reduction in resources for this area. Action: The review of *Excellence for All* will take into account the future local authority brokerage role and consider what can be achieved within available resources.	Sept 19
R8	The experiences of successful formal partnership arrangements are recorded and shared by the Local Authority. The aim being to: • help other existing partnerships more fully realise the benefits of their arrangements; and • develop advice for 'single' schools who are considering entering into a formal partnership arrangement.	The department agrees that it is helpful to share experiences from existing partnerships. Although we already provide case studies, and guidance for single schools that are entering into a formal partnership arrangement, we recognise there is always scope for information to be updated and enhanced. Action: The service will continue to record and share details of successful existing partnerships, taking account of Scrutiny recommendations.	Ongoing
R9	To help encourage the development of formal partnerships, the Local Authority	Action:	

	should consider promoting to schools the creation of a federation as an initial step. This approach would: • help address some of the perceptions which are discouraging change; and • better enable schools to consider, in the context of their local circumstances, whether or not they then wish to convert to academy status.	The messages proposed by Scrutiny will be considered as part of the review of *Excellence for All* during 2019 (see R5).	Sept 19
R10	The Local Authority to develop further guidance which has a focus on the specific role and responsibilities of the formal partnership arrangement governor and their training and development needs.	The department welcomes Scrutiny's recognition of the increasing complexity of the educational environment for governors, particularly partnership governors. One of the priority areas within the existing *Excellence for All* strategy is to: • Support the development of strong governor-led support and provide high quality training and support for governors and clerks to develop their skills and expertise to secure ongoing improvement in a complex educational environment. The department's ability to provide significant support to governors will be more limited in future given reduced resources. Action: The Scrutiny recommendation will be incorporated within the future provision of lighter touch support to governors.	July 20
R11	The Local Authority to further develop its toolkits and guidance for schools who are considering creating a federation or converting to academy status, or who are already in a formal partnership. Such guidance should include specific advice on the role of the Executive Head and Heads of School and their training and development. Consideration should also be given to developing such guidance in partnership with other regional strategic bodies.	The department agrees that it is helpful to share experiences from existing partnerships. Action: The department will take into account the areas of focus suggested by scrutiny when updating existing toolkits and guidance. The potential for any common messages across strategic partners will be considered though our ongoing discussions with the other parties.	Ongoing
R12	Alongside the guidance set out in the Education Commissioning Plan for small and	The department is not aware of research evidence to promote the use of technology to address the challenges with regard to the viability of small English schools within	

	rural schools, that the Local Authority to take steps to explore innovative solutions to the specific problems small, (and in particular), small rural schools are facing. Such solutions could include, for example, technological responses and adapting training provided to primary school teachers. It could also include exploring the solutions which other authorities in similar situations have developed.	a mainstream context. ISEND has experience of using these strategies as a teaching and learning tool. Although they find that they work with a small limited number of pupils unable to attend schools the impact in terms of pupil performance is limited. The department therefore believes it is unlikely that technology will provide a realistic solution to the particular challenges faced by small rural schools. Action: None	

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East Sussex County Council

Scrutiny Review Board

Schools Coping with Change - the Way Forward

Report by the Review Board

Councillor Roy Galley (Chairman)
Councillor Kathryn Field
Councillor Francis Whetstone
Councillor Laurie Loe
Matthew Jones, Parent Governor Representative

Former Members:
Nicola Boulter, Parent Governor Representative
Councillor Alan Shuttleworth
Councillor Stephen Shing

People Scrutiny Committee – 27 November 2018
Cabinet – 22 January 2019
Full Council – 5 February 2019

Final report of the Scrutiny Review Board:
‘Schools Coping with Change - the Way Forward’

Contents

	Recommendations	Page
1	The Chair of the People Scrutiny Committee to write on behalf of the committee to the Secretary of State for Education seeking further detail regarding his vision for schools and academies. In particular, the letter should seek clarity regarding the Department's stance on the academy programme and the promotion of formal partnership arrangements.	8
2	Work to be undertaken by the Local Authority to promote the leadership role of Governing Bodies and Head teachers. Such activity should seek to empower schools to consider actively their current organisational arrangements and the potential benefits of partnership arrangements. If already in some form of partnership, then relevant schools should review whether the benefits of their current arrangements are being fully exploited and actively consider how they strengthen these arrangements over the coming years.	8
3	The Local Authority to undertake a thorough review of how the ongoing budget for SLES is best utilised. This will help ensure the purpose of the service and its staffing arrangements are appropriately aligned to meet the needs of the evolving educational landscape in East Sussex.	9
4	a) The Local Authority to consider promoting to Head teachers and Governing Boards the benefits of a formal partnership arrangement, as well as developing its critical friend role with regard to partnership proposals. b) The Local Authority to consider also clarifying to individual schools at risk what it sees as the potential dangers to them of not actively pursuing a formal partnership arrangement.	10
5	The Local Authority to consider developing the next iteration of its 'Excellence for All Strategy' document and other related documents so that it: • promotes the development of formal partnership arrangements; • emphasises the leadership role of schools; and • offers bespoke advice that is tailored to meet the needs of rural primary and small schools.	10
6	So as to present a consistent and clear message to schools, and to draw on the combined strengths and experiences of each party, the Local Authority should seek to strengthen its relationships with the main strategic educational bodies in East Sussex. For example, this might include exploring the development of a common approach to formal partnerships.	10
7	That the Local Authority develop further its 'brokerage' role and develop innovative ways of facilitating school partnership that might not otherwise come into being.	11
8	The experiences of successful formal partnership arrangements are recorded and shared by the Local Authority. The aim being to: • help other existing partnerships more fully realise the benefits of their arrangements; and • develop advice for 'single' schools who are considering entering into a formal partnership arrangement.	15
9	To help encourage the development of formal partnerships, the Local Authority should consider promoting to schools the creation of a federation as an initial step. This approach would: • help address some of the perceptions which are discouraging change; and • better enable schools to consider, in the context of their local circumstances, whether or not they then wish to convert to academy status.	15
10	The Local Authority to develop further guidance which has a focus on the specific role and responsibilities of the formal partnership arrangement governor and their training and development needs.	16

11	The Local Authority to further develop its toolkits and guidance for schools who are considering creating a federation or converting to academy status, or who are already in a formal partnership. Such guidance should include specific advice on the role of the Executive Head and Heads of School and their training and development. Consideration should also be given to developing such guidance in partnership with other regional strategic bodies.	16
12	Alongside the guidance set out in the Education Commissioning Plan for small and rural schools, that the Local Authority to take steps to explore innovative solutions to the specific problems small, (and in particular), small rural schools are facing. Such solutions could include, for example, technological responses and adapting training provided to primary school teachers. It could also include exploring the solutions which other authorities in similar situations have developed.	18

Objectives and scope of the review

1. The education system is undergoing a period of sustained change. As a result, schools are having to respond to an unprecedented range of new challenges. Some of the key drivers of this change include:

- the impact of the National Funding Formula;
- increasing school autonomy (including how schools are now increasingly making decisions regarding which services they purchase);
- the changing role of the Local Authority and other strategic partners;
- pressures on the Local Authority's budget;
- changes to the national curriculum and assessment methods;
- the sustainability of schools and in particular, small schools; and
- the impact of the Academy programme.

2. The above factors have helped create new opportunities and new ways of thinking. But the scale and pace of change has also helped create a complex and fragmented educational landscape, with diffuse lines of accountability. Some stakeholders point to what they regard as a lack of a 'direction of travel' within the system. Furthermore, the full impact of some of these changes has not yet been felt. As a result, it is not clear at this stage what the settled picture will look like and it is likely that there will be further change in the policy environment.

3. Given the above context, Members agreed to explore developments within the local education system and to seek to understand the challenges and opportunities the evolving situation is presenting to schools and academies in East Sussex. Fundamentally, and in this period of great change, Members wanted to see if they could contribute to the process of responding to the following questions:

- What can we do to ensure the quality of education we provide to our young people is not put at risk by these changes?; and
- How can we ensure the new opportunities these changes present are fully exploited?

4. As a result, it was agreed by the then Children's Services Scrutiny Committee on 27 November 2017 to appoint a 'Schools Coping with Change – the Way Forward' Scrutiny Review Board (the Children's Services Scrutiny Committee has now been superseded by the 'People Scrutiny Committee' which reaffirmed its commitment to this scrutiny review at its meeting on 25 June 2018). Members were particularly clear that the review should have a forward-looking nature. The goal therefore was to develop recommendations that would ultimately help schools and academies be better placed to cope with change.

5. The Board was also clear that the review is timely as it is now an urgent matter for all schools to take a strategic approach to planning for their future. Two of the most important drivers of this urgency are financial. The first relates to the financial pressures on East Sussex County Council. In this respect, the most up to date indication of the reduced level of support the Local Authority will be able to provide in relation to partnerships is set out in the Council's Reconciling Policy, Performance and Resources report to Cabinet (13/11/18). This states that with regard to partnerships, it is proposed to reduce the Local Authority's:

> "..support to develop school partnerships, federations or move to academy status."

6. The other financial factor creating urgency relates to the National Funding Formula. The Government committed in 2015 to introducing a National Funding Formula (NFF) for mainstream schools. The Government's main aim in introducing the NFF was to deliver a fairer and more transparent system on the basis that schools would attract funding based on the needs of their pupils. The Board heard that that schools in East Sussex would receive an overall funding increase of 2.5%. However, and whilst the NFF will not be fully implemented until 2020, it seems inevitable some schools will do better than others. In particular, shifting the balance of funding away from a lump sum to a pupil place basis is likely to have a negative impact on the budgets of small schools.

7. Given the above factors, the Board concluded there is good reason to have an urgent focus on the changes occurring within the school system. The Board acknowledges that a great deal of excellent work has already done with this sense of urgency in mind - there are already many success stories within East Sussex. However, the evidence presented to the Board indicates that there is still some inertia and confusion in the system. Some schools appear to be failing to apprehend the scale of the challenge before them, whilst others may not be reviewing and fully exploiting the benefits of the changes they have already made.

8. As part of its early deliberations, the Board agreed to accept some fundamental points of reference that would inform its deliberations. This included the understanding that:

- de facto, we now have a mixed economy of schools;
- that proposed responses to the challenges schools are facing must begin with putting the quality of education first; and
- that the school system is now a school-led one.

9. As the factors driving change and the challenges and opportunities they present are diverse, the Board also made an early decision to focus on organisational matters and partnerships (rather than matters relating to educational attainment). In particular, the issues listed below were viewed by the Board as the most pressing:

- **Issues relating to the future role of the Local Authority and other strategic matters**. This includes the changing role of the Local Authority and its relationship with other key stake holders; the future shape and role of the Standards and Learning Effectiveness Service and the fragmented nature of the governance/management systems that may evolve in the future.
- **School partnerships.** This includes consideration of the strengths and weaknesses of the different types of partnerships schools are creating; what the barriers are to their effective operation and whether schools are fully exploiting the benefits of the partnerships already in place.
- **The sustainability of small schools.** This includes consideration of the particular challenges facing small schools and exploring the potential to develop innovative responses to the evolving situation.

10. In the following sections, the report discusses the evidence gathered in relation to each of the above three areas of focus, the Board's conclusions on possible ways forward, together with its final recommendations.

The future role of the Local Authority and other strategic matters.

Background

11. As part of its evidence gathering process, the Board wanted to develop its knowledge of the framework within which schools in East Sussex operate. The Board received significant quantities of evidence in this respect – much more than can be described in any detail in this report. One key area for the Board, however, was a clear understanding of the roles of the main educational strategic bodies that operate in the county and their relationships with schools and each other. The main bodies are described below:

12. **The Local Authority (the LA).** The LA, which is the Children's Services Department of East Sussex County Council, has a duty to:

- act as a champion of children, young people and their parents, in particular the most vulnerable and disadvantaged;
- promote high standards of education and have high expectations for the outcomes of all groups of pupils and safeguard and promote the welfare of children.
- Ensure fair access to school places for all learners.

13. **The Regional Schools Commissioner (RSC).** Each RSC acts on behalf of the Secretary of State for Education and is responsible for:

- taking action where academies and free schools are underperforming
- intervening in academies where governance is inadequate
- deciding on applications from local-authority-maintained schools to convert to academy status
- improving underperforming maintained schools by providing them with support from a strong sponsor
- encouraging and deciding on applications from sponsors to operate in a region
- taking action to improve poorly performing sponsors
- advising on proposals for new free schools
- advising on whether to cancel, defer or enter into funding agreements with free school projects
- deciding on applications to make significant changes to academies and free schools

14. **The Diocese of Chichester Board of Education (DBE).** The DBE oversees the work of all Church of England state funded schools in the Diocese. In educational terms, this relates to three local authorities: West Sussex, East Sussex and Brighton and Hove. Currently there are 158 Church of England schools in the diocese. 60 have voluntary aided status and 98 have voluntary controlled status. The Diocese's Education Department has the following specific responsibilities:

- support and training in RE and Collective Worship;
- strategic and focused training for head teachers, senior staff and clergy;
- assistance in developing the Christian distinctiveness and character of the school;
- advising on the appointment of head teachers and deputy heads;
- manage inspections and provide support under Section 48 of The Education Act 2005;
- pre and post Ofsted training and support;
- advice in maintaining, developing and funding school buildings;
- governor appointment, training and support;
- advice in formulating and administering pupil admissions policies;
- Advice on structural changes including sharing headship and academies.

15. **Diocese of Arundel and Brighton Education Service.** The Diocese of Arundel and Brighton geographically consists of the counties of West and East Sussex, Surrey (outside the Greater London boundary, south of the Thames) and the City of Brighton and Hove. The Diocese currently has 53 primary schools and 11 secondary phase schools. The Diocesan Education Service aims to support the schools of the Diocese of Arundel and Brighton through:

- the provision of quality information, training, advice and guidance to head teachers and governors;
- working closely with heads and governors to develop policies and services that reflect schools' real needs;
- maintaining effective partnerships with other dioceses, the CES and the LAs;
- helping schools to recruit and retain senior managers, teachers and governors;
- helping schools to monitor and develop their religious education provision;
- supporting schools in difficulty;
- supporting newly appointed heads by induction and mentoring;
- providing a 'Section 48' school inspection service;
- encouraging productive collaboration between schools, parishes and diocesan agencies;

Issues relating to the role of the Local Authority and other strategic matters.

16. Having established an understanding of the main strategic bodies, the Board then moved on to consider the key challenges in this area.

National guidance

The Board accepts that key aspects of the Government's intentions with regard to the future of the school system are clear. The Government retains its drive to develop a self-improving, school-led system. It is also widely accepted that a mixed economy of different types of educational institution is now firmly embedded within the system. However, the Board received a consistent message from witnesses that greater clarity from the Government regarding its academy programme would be desirable. There is a widely shared view that no clear direction on this matter has been issued by the Government since its decision in 2016 to step back from its commitment to require all schools to become an academy. Witnesses informed the Board that this 'lack of a direction of travel' was impacting on the ability of both schools and regional bodies to plan effectively. So for example, and when discussing plans for creating an expanded MAT, one witness from a strategic body commented that:

> "..so far not many schools have confirmed that they want to convert. There is some reluctance as schools and the diocese want to see what is happening at the national level with regard to the government's policy on academisation."

17. Given the above, the Board agreed that there is merit in seeking further clarity from the Secretary of State for Education regarding his intentions for the academy programme.

Recommendation 1

The Chair of the People Scrutiny Committee to write on behalf of the committee to the Secretary of State for Education seeking further detail regarding his vision for schools and academies. In particular, the letter should seek clarity regarding the Department's stance on the academy programme and the promotion of formal partnership arrangements.

School Leaders

18. Evidence presented to the Board indicates that some schools may not be sufficiently focused on the potential risks of not forming effective, sustainable partnerships and that this is now an urgent matter. Evidence considered also indicated that change is most effective when it emanates from schools themselves (rather than being dictated by regional authorities). As a result, the Board concluded that more should be done to re-emphasise to school leaders that the educational system is now a school-led one and that the responsibilities this entails will increase as the LA's capacity is further reduced. So as to lend confidence to these arrangements it is also important that, amongst other benefits, the capacity for formal partnership arrangements to deliver sustained improvement is also highlighted to school leaders.

Recommendation 2

Work is undertaken by the Local Authority to promote the leadership role of Governing Bodies and Head teachers. Such activity should seek to empower schools to actively consider their current organisational arrangements and the potential benefits of partnership arrangements. If already in some form of partnership, then relevant school leaders should review whether the benefits of their current arrangements are being fully exploited and actively consider how they strengthen these arrangements over the coming years.

Standards and Learning Effectiveness Service

19. The Standards and Learning Effectiveness Service (SLES) aims to provide the staff and governors of East Sussex schools with a range of high quality services, designed to help them raise standards by improving the quality of learning, teaching, leadership and management. The Board heard evidence regarding the perceptions of schools and academies in relation to the support and guidance SLES provides to them. Given the development of a school-led system and the commensurate changing role of the LA, the Board also considered the Department's position with regard to advising schools and academies about their partnership arrangements and its plans for the future shape of the service.

20. The key point made to the Board regarding SLES is that its capacity to provide support to schools will in future be severely restricted. Most recently, this point has been reinforced by proposals set out in East Sussex County Council's 'Core Offer'. With regard to school improvement services, it is proposed that the Council will not 'offer our current programme of support to schools to help them improve'. Whilst the precise proposed level of support is yet to be defined, it seems likely that the service will be greatly reduced.

21. The Board was therefore mindful of these pressures and limitations and accepted the need to develop recommendations that take this difficult funding picture into account. However, the Board suggest the current developments in the educational system mean a further thorough review of SLES should be considered. Such a review would seek to ensure the remaining service is effectively aligned to the meet the needs of the evolving situation. This review would include an exploration of whether SLES has capacity to help ensure partnerships are appropriately focused on key issues, such as partnership school improvement, collaborative professional development, the development of strategic leaders and the development of partnership governance.

Recommendation 3

The Local Authority to undertake a thorough review of how the ongoing budget for SLES is best utilised. This will help ensure the purpose of the service and its staffing arrangements are appropriately aligned to meet the needs of the evolving educational landscape in East Sussex.

Traded Services

22. As part of the range of possible responses to the challenges the LA is facing, the Board considered whether an expanded traded service offer could help deliver enhanced SLES support to schools and academies. However, the evidence considered by the Board led it to conclude that there was no realistic prospect of developing effective recommendations in this area. The Department's view is that school budgets are under great pressure and this diminishes the likelihood that sufficient numbers of institutions would purchase the service to make it viable. The Board also heard that the LA no longer has the capacity within SLES to create such an offer. There are also a range of practical factors that would make running a sustainable service difficult. For example, there is a tendency for schools to limit the time when they would be likely to want to pay for support. This means schools are less likely to want support at:

- The beginning or end of term
- The beginning or end of a day
- Other times when schools are under particular pressure

23. This creates a problem for staffing as requests for support are likely to create peaks and troughs which means it is very difficult to ensure sufficient resource is in place when schools require it. Given these restrictions, the Board concluded it would not be appropriate to develop an expanded traded services offer.

Advice to Schools regarding partnerships

24. In terms of its performance within the current strategy, the Board was satisfied that the LA fulfils its duties with regard to supporting schools which come forward and ask for assistance to either convert to academy status or to federate. Furthermore, the evidence provided to the Board was also clear that those schools which had sought help to change their status were also generally satisfied with the support and advice they had been given. Indeed many were clear that they viewed the LA as a highly valued source of advice and guidance.

25. In terms of the advice it offers to schools regarding partnerships, the LA currently provides guidance on the processes schools should follow to change their status and the potential benefits and challenges of the different available options. The LA's current strategy asks schools to identify their own potential structured relationship which the school believes will help it deliver good outcomes into the future. This strategy is informed by the LA's view that for change to be effective and sustainable it must be led from the bottom up and not dictated by strategic bodies. The Board also heard evidence that the LA is perceived by some witnesses to have a neutral stance with regard to whether schools should enter into a formal partnership.

26. The evidence presented to the Board was broadly supportive of the LA's policy on these matters - particularly of the need for change to be led by the schools themselves. However, the evidence indicated to the Board that there is still some scope to develop the guidance in this area. Schools are now entering into a crucial phase and the evidence points to a need for a stronger message about the kind of actions schools should be taking now. With this in mind, the Board recommend that the LA strengthen its message to school leaders about the benefits of a being in a partnership and reinforce its message to single schools about the future risks of not being in a partnership. The revised guidance could include wording that emphasises the leadership role of schools in a school-led system. Whilst responsibility for bringing partnership proposals forward is the responsibility of individual schools, the Board heard evidence that the LA play a 'critical friend' role for schools considering entering into a formal partnership. This friendly challenge role can help ensure proposed groupings have a realistic chance of delivering a sustainable/beneficial partnership. The Board welcomed this approach and recommend that this role is strengthened as it appropriately utilizes the experience and knowledge of the LA at a critical point in the development process of a formal partnership. Consideration should also be given to offering advice which is tailored to the particular needs of small and rural schools. Such a message could be also be set out in the next iteration of the Council's 'Excellence for All' strategy document.

Recommendation 4

a) The Local Authority to consider promoting to Head teachers and Governing Boards the benefits of a formal partnership arrangement, as well as developing its critical friend role with regard to partnership proposals.

b) The Local Authority to consider also clarifying to individual schools at risk what it sees as the potential dangers to them of not actively pursuing a formal partnership arrangement.

Recommendation 5

The Local Authority to consider developing the next iteration of its 'Excellence for All Strategy' document and other related documents so that it:

- promotes the development of formal partnerships;
- emphasises the leadership role of schools; and
- offers bespoke advice that is tailored to meet the needs of rural primary and small schools.

Relationships between strategic authorities

27. The Board heard evidence which suggests that it is not only schools which cannot afford to stand alone. No one (regional) strategic educational body can provide all the oversight and support which our schools and academies need. Authorities such as the RSC, the local dioceses and the LA therefore all need to collaborate. As one strategic leader said 'we are all in it together'. Indeed the Board received consistent evidence from these bodies about how they appreciate the excellent working relationships they have with each other and the benefits this can deliver. For example, the authorities the Board heard from all agreed that when they work together, the messages they deliver to schools and academies have greater credibility.

28. The Board accepts that all the relevant strategic bodies have their own clearly defined roles and that there are often clear limitations on the actions they are legally allowed to take. Nonetheless, evidence presented to the Board led it to conclude that the challenges facing our schools suggest these bodies should review their current working relationships and goals. Such a review should seek to strengthen these relationships in the light of the evolving school-led system. Where possible, it should also seek to develop common guidance on the promotion of formal partnership arrangements and advice and guidance on related training matters.

Recommendation 6

So as to present a consistent and clear message to schools, and to draw on the combined strengths and experiences of each party, the Local Authority should seek to strengthen its relationships with the main strategic educational bodies in East Sussex. For example, this might include exploring the development of a common approach to formal partnerships.

LA brokerage role

29. The Board heard clear evidence that it is in the best interests of all schools to develop their own policy with regard to the nature of a proposed formal partnership arrangement. The Board recognises though that there may be occasions when schools need help to identify suitable partners. The Board understands that the LA and RSC already offer such assistance when requested to do so. However, some schools may have a greater challenge finding a partner. For example, one witness informed the Board that 'small schools are not attractive to federations and MATs'. The Board therefore considers that there may be scope for this brokerage role to be developed further - as without additional help, some schools may be left isolated.

30. The Board considers that the LA and the RSC have the necessary experience to explore innovative solutions that might not otherwise be obvious or accessible to these schools. Such help might be especially appropriate if the LA were to adopt an approach that promotes formal partnerships.

Recommendation 7

That the Local Authority develop further its brokerage role and develop innovative ways of facilitating school partnership that might not otherwise come into being.

School partnerships

Background

31. In a research report produced for the Department for Education (DfE) by Dr Paul Armstrong, the situation regarding inter-school collaboration is described as 'complex, encompassing a wide range of different types of collaborative activity both informal and formal and involving schools of different phases and types'. Within this complex spectrum of collaboration types, it is possible to designate partnerships as being either 'informal' or 'formal' as described below:

- **Informal Partnerships**. This model is a non-statutory arrangement, with the school retaining its own Governing Body (this model is sometimes referred to as a soft partnership). In East Sussex the most common form of informal partnership is an Education Improvement Partnership (EIP). East Sussex County Council's 'Partnership Pathways' guidance describes EIPs as:

  > "..groups of schools working together across an area to improve outcomes for pupils at all schools; they build on the earlier smaller school alliances. EIPs include primary and secondary schools. These informal networks and informal partnerships do not require any change to leadership or governance, although schools might want to consider whether they need to put their own accountability framework in place."

- **Formal Partnership Arrangements**. A formal partnership is an inter-school collaboration that involves shared governance. The two main types of formal partnership are Multi Academy Trusts and federations (these partnerships are sometimes referred to as a hard partnership):

  - Multi Academy Trusts (MATs). Academies are state-funded schools which receive their funding directly from central government and are independent of the LA. As set out in East Sussex Council's 'Collaborations' guidance document, a MAT is 'established to take responsibility for more than one academy.' In East Sussex an example of a MAT is the South Downs Learning Trust (which is comprised of Ratton School and Ocklynge Junior School in Eastbourne).

  - Federation Partnership**.** A federation is where a number of maintained schools come together under one Governing Body. The schools' individual Governing Bodies are disbanded and a new single over-arching Governing Body is formed. This becomes the accountable body for all the schools in the group and sets the strategic direction. Schools share common goals and will usually have an Executive Head teacher working across all schools (with individual Heads of School at each separate school). There are a significant number of federations in East Sussex, with one example being the Skylark Federation which is comprised of Barcombe, Hamsey and Plumpton Primary Schools.

32. Having established an understanding of the main strategic bodies, the Board then moved on to consider the key challenges in this area.

Issues relating to partnerships

33. The Board examined partnerships as they are widely seen as the most sustainable way for schools to operate in future. The Board considered a wide body of evidence relating to different types of partnership, their relative strengths and weaknesses and whether they were the most effective option open to schools.

Effectiveness of Partnerships

34. The Board sought evidence to establish whether partnerships are effective. The Board was informed by the LA that both national and local evidence supports the view that schools should enter into partnership arrangements. For example, one strategic authority explained that it is:

> "..in favour of partnerships as this is the best way to make a difference to outcomes."

35. Furthermore, when asked about the ability of schools to stand alone, one witness informed the Board that:

> "A key issue is that single academies can be isolated and whilst they can succeed, it's just more difficult for them."

36. Given the above and other related evidence, the Board was satisfied that in the context of a school-led system, partnerships are the most realistic option for the majority of schools going forward. As a result, the Board then moved on to consider the strengths and weaknesses of informal and formal partnerships.

Informal partnerships

37. The majority of the evidence considered by the Board indicated that informal partnerships will not provide an effective response to the challenges discussed in this report. In general there was concern that such partnerships do not provide clear leadership. For example, at the national level, and in its 'Enabling School Improvement' guidance, the LGA comment that:

> "One risk for the sustainability of current partnership arrangements is that they are founded on effective working between individuals. When those individuals move on, the basis of the partnership possibly weakens."

38. At the local level, the Board heard similar evidence from a Chair of a Federated Governing Body who noted that whilst Education Improvement Partnerships (EIPs) can help share good practice, they are:

> "..not strong enough…and that a formal Federation is better than a soft partnership as one Governing Board means you have less conflicts to deal with" and "with a Federation you get all the governors in one room to discuss key issues".

39. While informal partnerships are not the response the Board would advocate in relation to the challenges being considered here, the Board accept that there may be circumstances where such arrangements can be beneficial. One example relates to the dip in academic performance which can occur in Key Stage 3, when pupils transfer from the primary phase to the secondary phase. One response to this problem can be to set up a cross-phase informal partnership as this helps enable a smooth transition of pupils from Year 6 into Year 7.

Formal Partnerships

40. The Board considered the strengths and weaknesses of the two main types of formal partnership – MATs and federations.

Multi Academy Trusts – Benefits

41. At the national level, and in its ‘Governance in Multi Academy Trusts’ guidance, the National College for Teaching & Leadership summarises its views on the benefits of MATs as enabling school leaders to:

- share best practice
- deliver economic benefits, such as centralised services
- focus funds where they are most needed
- have increased and flexible staffing resources
- establish more effective succession planning programmes and, in doing so, retain good staff who might otherwise move on – including head teachers

42. These views on the benefits of MATs were echoed at the local level when the Board met with representatives of two separate types of MAT. One is a local Trust comprised of two schools. When asked for some practical examples of the benefits that the MAT model can help deliver, the Executive Head commented:

> “The Executive Business Manager manages across both schools in the MAT and this helps us identify real efficiencies. We can draw both schools into pre-existing contracts (and achieve better deals) and do parallel staff/resource planning. Other benefits include shared caretaker capacity across both schools. Quality of teaching and learning: we now have a larger network and are able to commission more support. We are creating a wider network to develop quality teaching. Areas like safeguarding and recruitment are easier to manage. Professional development and training - suddenly we have one set of training charges for certain areas.”

43. The Board also received evidence from a larger MAT which operates a number of academies in East Sussex and South London. This evidence echoed the above comments, with the Chief Executive Officer saying the benefits of a MAT include:

- effective strategic planning both for the Trust’s schools both individually and as a group
- more scope for effective succession planning for staff
- greater scope for sharing resources and skills across a number of schools
- the leadership to react quickly to problems without the need to refer to a central bureaucracy
- MATs to be able to determine the numbers and roles of governors and to go for a smaller number of high quality governors.

Multi Academy Trusts - Challenges

44. Inevitably, whilst the shift within the school system for schools to work together has helped deliver benefits, it has also created new challenges and risks. Some of these challenges apply across the partnership as a whole, whilst others impact directly on the Executive Head - who takes on a greater range of responsibilities across more than one school site. When asked to comment on these challenges, the Executive Head of the local MAT quoted above said:

> Strategic leadership capacity is stretched. We look to develop this within the school, but may also need to bring in external leadership. There are financial risks – such as unfunded salary increases. There is lots of change in the system – much more than five years ago. For example, new curriculum and GCSEs. We have to make sure the support is there to deal with these challenges.

Federation Benefits

45. The Board also considered evidence relating to the benefits of federations. For example, the Chair of a Governing Body of a federation informed Members that:

"With a federation you get all the governors in one room to discuss key issues. You can't have too many governors though – so you then need to look at the skills of the governors you already have to ensure the single Governing Body has the best possible fit for purpose. You can then rotate the Governing Body meetings between the schools in the federation. Formal federations show a level of commitment - you have to 'put your neck on the line'. It's not a loose promise. Also, there is much more collaboration at a formal Federation. We all have the same INSET dates. Our bursars work together and benchmark together what we are buying in – joint procurement. We didn't enter into this partnership for money – we went into it as there was not enough capacity without it to deliver quality teaching – so we have subject leaders."

46. Furthermore the Board was presented with examples of successful local federations. This included an Ofsted inspection from June 2017 which commented that with regard to one federation:

"The school has certainly benefited from being part of the federation...Federation governors are competent and hardworking….The federation has enabled expertise in different subjects to be shared effectively throughout its schools. This has led to stronger professional development and better training for teachers."

Federation - Challenges

47. The Board also heard evidence related to some of the challenges and risks associated with Federations. This included the view that:

"In small schools the difference between Executive Head and School Leader is not great and therefore in this model, a bigger grouping is desirable."

48. Whilst the Board heard evidence that many of the benefits and challenges of a formal partnership apply to both MATs and federations, evidence was received regarding the perceived additional advantages of a MAT. For example, one local regional body commented that:

"Academies are more robust than federations, they have more control and stronger governance. In MATs the relationships are also more actively managed. We've seen some federations starting to fail, as schools can't manage – you need external pressure."

49. The Board did not, however, conclude that the above viewpoint means MATs should be promoted over Federations. Instead, the Board believe that the different options open to schools should be seen as a positive. This is because the circumstances relating to each school and its local community are different. This allows schools to make informed decisions about which type of formal partnership best suits their local situation.

Exploiting the benefits of a formal partnership.

50. The Board also investigated whether schools are fully exploiting the benefits of their partnership arrangements. The Board was informed by the LA that:

".. it takes a long time for partnerships to produce benefits. However, and for a range of factors, some federations may not be exploiting the full range of benefits that the grouping can deliver. These factors include pre-existing contracts, the size of the Federation and the nature of the relationships between the schools within the group."

51. Based on the evidence presented to them, the Board concluded that there would be value in assessing the performance of a formal partnership as a whole. A benchmarking process of this kind would not only help an individual partnership understand its performance, it could also create useful 'good practice' guidance for other schools. For example, when asked about their assessment process, the Chair of one federation commented that he thought assessing the performance is important because:

"We have had a massive learning curve. Staff surveys are one source of information. Parent surveys too. We have financial data and this helps us measure the impact of the federation, similarly there is data too on teaching and learning."

52. With the above in mind, the Board proposes that the experiences of successful, mature federations are recorded. The learning from these successful partnerships should then be shared with both existing federations and other schools considering entering into such an arrangement. A similar process could occur with regard to the academy conversion process.

Recommendation 8

The experiences of successful formal partnerships should be recorded and shared by the Local Authority. The aim being to:

- help other existing partnerships more fully realise the benefits of their arrangements; and
- develop advice for 'single' schools which are considering entering into a formal partnership.

Resistance to Partnerships

53. The Board heard evidence regarding schools' impressions about the complex nature of both the process of creating a formal partnership and its subsequent management. The Board also heard that some schools may be concerned about their individuality and whether this would be diluted in a partnership. Such concerns indicated to the Board that this perception of complexity and potential loss of identity may be dissuading schools from taking the necessary steps to form sustainable partnerships. For example, when asked about the process of converting to academy status, one chair of a federated governing body said that for the time being at least, they were dissuaded from conversion as:

> "..ahead of converting, it's quite a process, looking at land ownership, diligence matters, finance etc. It's a huge amount of work – you need enough capacity to do this properly."

54. When asked about whether the possibility of converting to an academy was ever considered by the schools in their group, another chair of Federation Governing Body responded by saying :

> "No. There was a fear academisation would give us less flexibility over things like our branding (i.e. the school's identity). There is also a general concern about academisation, it seems more radical."

55. The Board also heard that some schools may be concerned about entering partnerships as they are:

> "..reluctant to share key teaching staff and that parents can be strongly opposed to academy conversion."

56. In response to this reluctance, the Board heard that a possible solution to this concern is to promote the creation of a federation first as:

> "Federation is sometimes adopted as a stepping stone approach, as this is seen as less permanent and controversial and helps to create new ways of working."

57. On the basis of the evidence presented, the Board concluded that the further promotion of this approach would be beneficial as it could help schools see the formation of a partnership as part of a journey which, depending on local context, may or may not result in conversion to academy status.

Recommendation 9

To help encourage the development of formal partnerships, the Local Authority should consider promoting to schools the creation of a federation as an initial step. This approach would:

- help address some of the perceptions which are discouraging change; and
- better enable schools to consider, in the context of their local circumstances, whether or not they then wish to convert to academy status.

The roles of governors and Executive Heads

58. The new structures and partnerships schools are entering into and the development of a school-led system may mean there is increased scope for gaps in oversight and governance to develop. One key area where this issue could manifest itself relates to the role of 'partnership' governors. The Board heard compelling evidence that the role of such governors is significantly different and more demanding than that of a governor at a single school. As one witness commented:

> "Federations have one Governing Board overseeing both schools. This represents a change in mind-set for the governors as they have to take on responsibility for all the children in all the schools within the grouping."

Another governor of an existing federation commented that:

> "Becoming a federation governor is a real education. It is difficult."

59. Given this and other supporting evidence provided to them, the Board identified a need that appropriate bespoke guidance is developed on the oversight role of the partnership governor. In particular, this guidance should help to ensure specific groups of children, such as vulnerable children, are given an appropriate level of focus and attention across all the schools within the partnership. The guidance should also set out the particular training and development needs of a partnership governor.

Recommendation 10

The Local Authority to develop further guidance which has a focus on the specific role and responsibilities of the formal partnership governor and their training and development needs.

60. The Board also heard evidence regarding the role of the Executive Head and how this is very different from that of a Head teacher of a single school. Evidence presented to the Board indicated that some schools entering into a federation arrangement were not clear on what the role would precisely entail and how it might work on a day-to-day basis. One witness commented that:

> "More effective training is required for Executive Heads. They need to have vision."

61. As this role is crucial to the effective operation of a formal partnership, the Board recommend that consideration should be given to developing specific advice and training for schools regarding the role of the Executive Head. This could extend to providing practical advice as to how other formal partnership arrangements operate. For example, the Board heard how one Executive Head spends a day and a half at each of the schools in their Federation. It could also provide specific help with regard to the transition process, such as job descriptions for the relevant roles.

Recommendation 11

The Local Authority to further develop its toolkits and guidance for schools who are considering creating a federation or converting to academy status, or who are already in a formal partnership. Such guidance should include specific advice on the role of the Executive Head and Heads of School and their training and development. Consideration should also be given to developing this type of guidance in partnership with other regional strategic bodies.

Sustainability of small schools

<u>Background</u>

62. The DfE defines a small school as one with a single form of entry (which is made up of 30 pupils). For primary schools therefore, a small school would usually not have a school roll of more than 210 pupils (across the seven year groups). The DfE also has a policy which sets out that proposals for new schools must have at least two forms of entry. That is to say, such a school would have a Published Admission Number of 60, with a potential total number on roll of 420.

63. The local context is that out of 153 primary schools in East Sussex:

- 39 have a single form of entry (30 pupils admitted per year in Reception).
- A further 49 are even smaller and have an intake below 30.

64. This means approximately one half of all primary schools in East Sussex would not meet the DfE's current standard for being built.

Pressures on small schools

65. Most of the issues discussed in this section affect, to varying degrees, all schools. However, the evidence presented to the Board indicates that the pressures on small schools are more pronounced. As a result, the Board focused on the particular challenges facing these schools with regard to their sustainability.

National Funding Formula

66. As mentioned elsewhere in this report, the Government committed in 2015 to introducing a National Funding Formula (NFF) for mainstream schools. At the time of evidence gathering, the Board heard that schools in East Sussex would receive an overall funding increase of 2.5%. However, despite the potential funding increase, the Board heard that it was likely that the NFF would disadvantage small schools. This is because the NFF increases the balance of funding toward a pupil based system. Ultimately this means, to a greater degree than before, fewer pupils equals less funding. Given small schools have small intakes, any variation in admissions will have a proportionally higher impact. The LA confirmed its view on this matter by indicating that:

> "In 2020 the National Funding Formula will be introduced. There is no question that this will really impact on small schools. Fluctuating admission numbers for these schools will be a massive issue in terms of their funding."

67. The Board also heard that the LA has a very limited ability to assist schools who get into financial difficulty because 'all the available funding is allocated to the schools straight away'. This potentially unstable financial picture means partners may be more cautious of entering into a formal partnership with a small school.

Equality of opportunity and quality teaching

68. The National Curriculum (NC) is a set of subjects and standards used by schools in England. It sets out what subjects are taught and the standards children should attain. The national curriculum is divided into blocks of years called Key Stages. In recent years there have been a number of major developments relating both to the delivery of education and its assessment (for children of compulsory school age). Developments of particular relevance include:

- the revised National Curriculum introduced for 2014 onwards; and
- the introduction of a new assessment framework that replaced national curriculum levels (which occurred within key stages) with a new process called 'Assessment Without Levels' (introduced in September 2015);

69. The Board heard evidence about the demanding nature of the new curriculum and the challenges that some schools will face trying to deliver quality outcomes for their pupils. One chair of a Governing Body commented that:

> "It is difficult for small schools to deliver quality teaching across eight subjects – this impacts on performance."

70. Another witness commented that:

> "Small schools - are they really offering a fit for purpose education? Particularly taking into account the impact of the new tough curriculum. It is very difficult for one teacher with an entire class which is comprised of children made up of all the year groups in Key Stage 1."

71. Evidence provided to the Board also indicated that very small schools will struggle to meet the requirements of the National Curriculum because, amongst other factors, the teacher recruitment and retention challenge is particularly acute for this type of school. Recruitment is more of a challenge because many teachers do not view small schools as offering the same career development opportunities as larger schools. For example, one Chair of a Federation Governing Body commented that prior to the creation of the federation, his original single school had had two failed attempts to recruit a new Head. This failure led them to think about the federation model.

72. Elsewhere in this report, and as happened in the above example, the Board was presented with evidence which suggests that the appropriate response to these challenges would be to enter into a formal partnership. However, the Board also heard evidence from the LA that such a response might not be sufficient for very small schools:

> "..the trouble is that some schools are so small, federation will not be able to deliver the necessary savings. Unless we grasp this issue though, it will impact on educational attainment. So rather than thinking just about saving schools in a given area, we should also think about equality of opportunity."

73. The Board understands both the severe challenges facing small schools and the importance they have for their local communities. One Chair of a Governing Body stated that:

> "We must be careful about stripping facilities out of villages. We must act for educational needs. What are these schools doing and can they provide for their kids an equality of provision?"

74. Given the above points, the Board agreed it is important that the LA is able to demonstrate that it has explored all reasonable opportunities for addressing these challenges. This would include the consideration of radical solutions. Such an approach might, therefore, involve exploring the viability of exploiting technological solutions. The Board are aware, for example, that in other circumstances virtual teaching is provided to pupils. Another solution could involve examining how primary school teachers are being trained and whether there is a model that could help prepare more teachers to deal with more than one year group at a time. The Board also recognise that many other LAs will be facing a similar challenge in this area. As a result, the Board recommend the LA explore whether other authorities have developed innovative solutions which could potentially be suitable for transferring to East Sussex.

Recommendation 12

Alongside the guidance set out in the Education Commissioning Plan for small and rural schools, the Local Authority should take steps to explore innovative solutions to the specific problems small and in particular, small rural schools are facing. Such solutions could include, for example, technological responses and adapting training provided to primary school teachers. It could also include exploring the solutions which other authorities in similar situations have developed.

Concluding comments

75. Evidence presented to the Board indicated that it is now an urgent matter for all schools to take a strategic approach to planning for their future. However, the Board was also aware that the scale and pace of change within the system has helped create uncertainty amongst schools about the best way forward. With this mind, the Board agreed a number of practical, attainable recommendations which Members hope will be of real assistance to schools and academies in East Sussex. In particular, the recommendations contained in this report aim to help clarify the advice schools receive regarding the benefits of formal partnership arrangements. The recommendations also aim to help schools develop their confidence to take on the challenges and opportunities the evolving education system is presenting to them.

Appendix: Terms of reference, membership and evidence

Scope and terms of reference

This scrutiny review was originally established by the Children's Services Scrutiny Committee on 27 November 2017 (the Children's Services Scrutiny Committee was subsequently superseded by the People Scrutiny Committee which reaffirmed its commitment to the review at its meeting on 25 June 2018). The key aims of the review were to explore developments within the local education system and to seek to understand the challenges and opportunities the evolving situation is presenting to schools and academies in East Sussex. Fundamentally, and in this period of great change, Members wanted to see if they could contribute to process of responding to the following questions:

- What can we do to ensure the quality of education we provide to our young people is not put at risk by these changes?; and
- How can we ensure the new opportunities these changes present are fully exploited?

Members were particularly clear that the review should have a forward-looking nature. The goal therefore was to develop recommendations that would ultimately help schools and academies be better placed to cope with change.

Board Membership and project support

Review Board Members:

Councillor Roy Galley (Chairman)

Councillor Kathryn Field

Councillor Francis Whetstone

Councillor Laurie Loe

Matthew Jones, Parent Governor Representative

Former Members:

Nicola Boulter, Parent Governor Representative

Councillor Alan Shuttleworth

Councillor Stephen Shing

Support to the Board

The Review Board would like to thank for their co-operation and assistance:

- those Federations and Multi Academy Trusts listed below who were either visited or sent representatives to board meetings.
- Representatives of the Regional Schools Commissioner.
- Councillor Bob Standley, Leader Member for Education and Inclusion and Special Educational Needs and Disability for attending a Board meeting.

The Board are also grateful for the support provided by officers listed below from within the Children's Services Department.

School/Academy visits were undertaken by members of the Review Board:

Councillor Roy Galley undertook an evidence gathering session when he visited Hawkes Farm Primary Academy on 23 April 2018.

Witnesses providing evidence:

- Amy Baron, Team Leader for Sussex, Brighton and Hove, Regional Schools Commissioner
- Peter Clark, Co-Chair of the Skylark Federation
- Maria Dawes, Deputy Regional Schools Commissioner
- Mark Ducker, CEO, STEP Academy Trust
- Dr Ann Holt, Director of Education, Diocese of Chichester
- Huxley Know-Macaulay, Executive Head teacher, South Downs Learning Trust
- Ben March, Chief Finance and Operations Manager, STEP Academy Trust
- Jeremy Meek, Head teacher, Hawkes Farm Academy
- Sarah Rice, Schools Accountant, Children's Services Department
- Melanie Saunders, Interim Head of Service, Children's Services Department
- Councillor Bob Standley, Leader Member for Education and Inclusion and Special Educational Needs and Disability
- Jessica Stubbings Senior Manager: Places and Participation, Children's Services Department
- Mandy Watson, Chair of the Pioneer Federation
- Mark Whiffin, Head of Finance, Children's Services Department
- Fiona Wright, Assistant Director Education and ISEND, Children's Services Department

Support was provided by the following officers:

- Elizabeth Funge, Head of Education Improvement
- The Project Manager was Stuart McKeown.

Review Board meeting dates

Session	Date
Meeting 1	05/01/18
Meeting 2	15/03/18
Meeting 3	24/04/18
Meeting 4	05/06/18
Meeting 5	25/07/18
Meeting 6	05/09/18
Meeting 7	01/10/18
Meeting 8	24/10/18

Evidence papers

No.	Title of Evidence	Date
1	Regional Schools Commissioner's decision-making guidance	23 02 18
2	Local Government Association report 'enabling school improvement'	23 02 18
3	Excellence for All 2017-19 Strategy Document	23 02 18
4	Overview of school improvement service in the future CSD Report (07/12/17)	23 02 18
5	Data on School Reorganisation, Partnerships across schools, all-through Academy Schools, Lists of Primary and Secondary Academy Schools	23 02 18
6	East Sussex Federations and Non-maintained Schools Maps	23 02 18
7	Federations - including 'Federation Benefits -A Briefing for Governors' and Federation Case Studies	23 02 18
8	Collaborations Guidance	23 02 18
9	National College for Teaching and Leadership 'Governance in multi-academy trusts'	23 02 18
10	The Impact of the National Funding Formula (NFF): A summary of the process, guidance and support given to schools in East Sussex.	14 03 18
11	Internal - Audit Progress Report - Quarter 3 (01/10/16 - 31/12/16) - Schools Themed Review of Federations and Partnerships	14 03 18
12	Central School Services Block DSG 2018/19 - report to the Schools Forum	29 03 18
13	Summary of budget share comparison between 2017-18 and 2018/19	29 03 18
14	Schools Final over-underspend schedule 2016-17	29 03 18
15	Embracing Change: rural and Small Schools - report by the Church of England Education Office	29 03 18
16	Devon County Council ‘Small Schools Task Group’ report	20 04 18
17	STEP Academy data	18 05 18
18	Councillor notes from meeting with the STEP Trust (on 23 April 18)	18 05 18
19	SLES Budget 2018-19	18 05 18
20	Statutory guidance on the roles and responsibilities of the Director of Children’s Services and the Lead Members for Children’s Services	18 05 18
21	Schools Final Over/Underspend schedule for 17/18	25 07 18
22	Twenty questions 2nd Edition - produced by the Key for School Governors - only formal copies given to the Board members at the meeting on 5th September 18.	05 09 18
23	SLES organisation chart	19 10 18

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