



FULL COUNCIL - TUESDAY, 11 FEBRUARY 2020

Documents being circulated with the County Council agenda

Document	Report in County Council agenda to which it is related
Draft Council Plan 2020/21 (Appendix 1 of the Cabinet report) (page 3)	Cabinet report, paragraph 1
Medium Term Financial Plan (Appendix 2 of the Cabinet report) (page 29)	Cabinet report, paragraph 1
Budget Summary 2020/21 (Appendix 3 of the Cabinet report) (page 31)	Cabinet report, paragraph 1
Savings Proposals (Appendix 4 of the Cabinet report) (page 65)	Cabinet report, paragraph 1
Proposed Investment of Unallocated Funding (Appendix 5 of the Cabinet report) (page 75)	Cabinet report, paragraph 1
Council Tax Precepts (Appendix 6 of the Cabinet report) (page 81)	Cabinet report, paragraph 1
Reserves and Robustness Statement (Appendix 7 of the Cabinet report) (page 83)	Cabinet report, paragraph 1
Engagement Feedback (Appendix 8 of the Cabinet report) (page 95)	Cabinet report, paragraph 1
Capital Programme and Capital Strategy (Appendix 9 of the Cabinet report) (page 107)	Cabinet report, paragraph 1
Fees and Charges (Appendix 10 of the Cabinet report) (page 151)	Cabinet report, paragraph 1
Council Monitoring – Corporate Summary (Appendix 11 of the Cabinet report) (page 153)	Cabinet report, paragraph 2
Council Monitoring – Adult Social Care and Health (Appendix 12 of the Cabinet report) (page 159)	Cabinet report, paragraph 2
Council Monitoring – Business Services (Appendix 13 of the Cabinet report) (page 165)	Cabinet report, paragraph 2
Council Monitoring – Children’s Services (Appendix 14 of the Cabinet report) (page 169)	Cabinet report, paragraph 2
Council Monitoring – Communities, Economy and Transport (Appendix 15 of the Cabinet report) (page 174)	Cabinet report, paragraph 2
Council Monitoring – Governance Services (Appendix 16 of the Cabinet report) (page 178)	Cabinet report, paragraph 2
Council Monitoring – Strategic Risk Register (Appendix 17 of the Cabinet report) (page 182)	Cabinet report, paragraph 2
Looked After Children’s Services Annual Report (Appendix 18 of the Cabinet report) (page 189)	Cabinet report, paragraph 3
Treasury Management and Policy and Strategy (Appendix 19 of the Cabinet report) (page 219)	Cabinet report, paragraph 4
Conservators of Ashdown Forest draft budget (Appendix 20 of the Cabinet report) (page 243)	Cabinet report, paragraph 5
Ashdown Forest Trust Fund 2020/21 (Appendix 21 of the Cabinet report) (page 249)	Cabinet report, paragraph 5
Countryside Stewardship Budget 2020/21 (Appendix 22 of the Cabinet report) (page 250)	Cabinet report, paragraph 5

Procurement and Contract Standing Orders – Procurement Thresholds (Appendix 1 of the Governance Committee report) (page 253)	Governance Committee report, paragraph 1
Officer Employment Procedure Rules – Extract from Constitution (Appendix 2 of the Governance Committee report) (page 255)	Governance Committee report, paragraph 3

PHILIP BAKER
Assistant Chief Executive

Contents

Our priorities and delivery outcomes

Driving sustainable economic growth

Keeping vulnerable people safe

Helping people help themselves

Making best use of resources

Revenue Budget: gross and net

Revenue spending

Capital programme

Equality impact assessment

Performance measures and targets

State of the County data

Introduction

This Council Plan sets out our ambitions and what we plan to achieve by 2023 for 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 while demand, particularly for social care and health services, has grown significantly. The new Government elected in December 2019 has indicated its wish for a sustainable funding solution for social care and made additional funding available which is very welcome. Until a long term solution is agreed, however, we face an ongoing challenge. Grants from Government have reduced, so we depend on local council tax and business rates. These bear little relationship to the need for the services we provide for the young and elderly. As our resources do not reflect these realities, we will continue to adjust our services to match the funds we have. We have been democratic, open and honest in determining the best quality services we can provide, within available resources, as set 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 locally. 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.

As a member of the Environment Board for East Sussex, the Council is playing a role in developing an updated Environment Strategy for the county, and this is due to be published in 2020. The Council declared a climate emergency in October 2019, and is now working on plans to move towards carbon neutrality in all its operations as soon as possible, and by the latest 2050.



Keith Glazier
Leader



Becky Shaw
Chief Executive

January 2020



Apprentices across East Sussex were celebrated at the first ever East Sussex graduation ceremony



Careers Hub partners celebrate the first year of the hub

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.



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

Making best use of resources - delivery outcomes

- Working as One Council, both through the processes we use and how we work across services
- Working in partnership across the public, voluntary community, and private sectors to ensure that all 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
- To help tackle Climate Change East Sussex County Council activities are carbon neutral as soon as possible and in any event by 2050
- Applying strategic commissioning to ensure that resources are directed to meet local need

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.

The Council has been paying the Apprenticeship Levy of approximately £1m per year since 2017. We have successfully implemented a workforce-based approach and have developed a strategy and action plan to maximise our draw down of the Levy to support employing new apprentices and current staff receiving qualifying apprenticeship training. The Local Government Association (LGA) has recognised the work the Council's Apprenticeship team have done within our maintained schools and have used the Council as a case study 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 be delivered in 2020/21, including the Queensway Gateway Road and the Newhaven Port Access Road. Planning will continue on a replacement to the Exceat Bridge and new 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 75,000 premises have been connected to improved broadband speeds during our first and second contracts of work with BT. We will deliver a third phase of works in 2020/21, 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 have published a draft Transport Strategy for the South East, which sets out a plan through which the South East's economy could double over the next 30 years.

State of the County 2018/19

- Working age residents with a level 4 qualification or above (degrees, HNC, HND etc.), 37.0% (England 39.0%)
- Working age residents with no qualifications or qualified only to NVQ1, 20.9% (England 18.2%)
- Annual gross full time earnings, median average (residence based), £29,345 (England £30,661)
- Working age population in employment, 73.6% (England 75.6%)
- Working age residents claiming unemployment related benefits (alternative claimant count), 3.0% (England 3.1%)
- New business registrations per 10,000 people over 16, 48.5 (England 75.2)
- New houses built, 1,734, including 295 affordable houses
- Children achieving a good level of development in the Early Years Foundation Stage, 76.0% (England 71.8%)



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 2020/21

- Construction of the Newhaven Port Access Road and Queensway Gateway Road will be completed
- We will deliver 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 Council's procurement spend is with local companies
- Our Social Value Measurement Charter (SVMC) will continue to boost the level of social value secured from Council procured contracts



Construction of the Newhaven Port Access 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 6.

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 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. 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.

The updated Excellence for All strategy 2019 - 2021, published in September 2019, outlines the shared vision, values and ambitions the Council and our partners have for creating an excellent education system in East Sussex where no pupil or educational establishment is left behind.

State of the County 2018/19

- Percentage of pupils reaching the expected standard at key stage 2 in reading, writing and mathematics 62% (England 65%)
- Average Attainment 8 score per pupil state funded secondary schools 45.2 (England 46.7)
- Average Progress 8 score for state funded secondary schools -0.05 (England -0.03)
- Percentage of pupils who achieved a 9-5 pass in English and maths GCSEs 41.5% (England 43.0%)
- Average Attainment 8 score for Looked After Children, **18.4** (England **18.9**)
- Average point score (APS) per entry for level 3 exams including A levels, 30.91 (England 32.02)
- Attainment of A level students average point score (APS) per entry, best 3, 29.44% (England 32.17%)
- Attainment of A level students achieving grades AAB or better at A level, of which at least two are in facilitating subjects, 9.2% (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.



Young people promote the East Sussex Youth Cabinet's 'Top Ten Tips' guide, which 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.

- 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 East Sussex. We need to deliver efficiencies and develop an integrated health and social care system to improve health and wellbeing; enhance 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 Health and Care Partnership.

The partnership has produced the East Sussex Health and Care Plan. It aims to improve, extend and save lives, by focusing on keeping people healthier for longer and giving our local populations the right care, in the right place at the right time. The plan represents a response to the ever-changing local health and care needs of our populations and the national ambitions and expectations set out in the NHS Long Term Plan.

East Sussex has been covered by three Clinical Commissioning Groups (CCGs): High Weald Lewes Havens; Hastings and Rother; and Eastbourne Hailsham and Seaford. From April 2020 these will be replaced with a single East Sussex CCG, which will allow for a more joined up approach to commissioning

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.



Examples of planned work 2020/21

- 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



Vinny the Van, which promotes fostering around the county

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.

Early Help services support families to tackle their problems before they become more difficult to

reverse. Following a review of services, we are implementing a strategy to support vulnerable families in East Sussex and help manage the demand for statutory social care. The strategy includes keywork with vulnerable families, early years family support services integrated with delivery of the Healthy Child Programme by our health visitors, and evidence-based youth work with vulnerable young people. We will also offer universal, open-access and drop-in early help services for children, families and young people where these are fully externally funded. We will retain a network of 16 children's and youth centres, plus provision of services in Council and other community buildings when needed, but de-designate 14 children's centres - working with partners to support ongoing local early years and education services. Rainbow and Cygnets nurseries in Bexhill will no longer be operated by the Council and, as in the rest of the county, we will work with other providers to secure, so far as is reasonably practicable, an offer of sufficient nursery places in the area. Implementing the strategy will make the best use of the available resources to help vulnerable families and young people stay safe and well.

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. 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 2018/19

- Looked after children per 10,000 0-17 population, 57.3 (England 65.0)
- Children with a Child Protection Plan per 10,000 0-17 population, 53.5 (England 43.7)
- Percentage of children who ceased to be looked after adopted during the year ending 31 March, 16% (England 12%)
- Hospital emergency admissions caused by injuries in children aged 0-14 per 10,000, **112.5** (England **96.4**)
- Adult Social Care service users who feel safe, 72.7% (England 70.0%)
- People aged 65+ still at home 91 days after discharge from hospital, 92.8% (England 82.4%)
- Suicide rate per 100,000 2016 - 2018, 13.7 (England 9.6%)

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

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 Discharge To Assess (D2A)/Home First pathways. The pathways are designed to avoid prolonged stays in hospital for people awaiting assessment or commissioned

services to enable their discharge. Where possible D2A will aim to avoid unnecessary admissions to hospital, and where an admission is necessary, it will ensure that people are discharged as soon as is safe and practical, back to their own homes or to a D2A bed to have their assessments and services arranged outside of an acute hospital.

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.

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 we may have to target our attendance annual review meetings for children with Education Health and Care Plans and will not be able to attend all of them.

State of the County 2018/19

- 4-5 year olds with excess weight, 23.4% (England 22.6%)
- 10-11 year olds with excess weight, 28.2% (England 34.3%)
- Younger adults admitted to residential and nursing care homes per 100,000, 14.4 (England 13.9)
- Older people (65+) admitted to residential and nursing care homes per 100,000, 502.9 (England 580.0)
- Older people (65+) offered reablement services following discharge from hospital, 2.9% (England 2.8%)
- People who received short term services where no further request was made for ongoing support, 92.2% (England 79.6%)



The 'Be There Tomorrow' campaign urged smokers to quit

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

State of the County 2018/19

- Adult Social Care service users who find it easy to find information about services, 75.5% (England 69.7%)
- Adult Social Care service users who have as much social contact as they would like, 49.2% (England 45.9%)
- Number of people killed or seriously injured on the roads, 355



'The Passenger', a thought provoking theatre production, toured East Sussex schools in November 2019 to empower young people to speak out against dangerous driving

Examples of planned work 2020/21

- 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



- We will continue to offer health checks to those eligible, while encouraging those offered a check to take it up
- We will support households as part of the government's Troubled Families programme

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.

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 recognises that the Council workforce is the key to our success. The strategy is based on the four themes of Leadership and Management; Performance Development and Reward; Employee Engagement and Recognition; and Employee Health, Wellbeing and Inclusion. In conjunction with this, a 'Leadership and Management Capability Framework' has been developed which sets out the management and leadership expectations in support of the Council's priority outcomes and operating principles. We are committed to the development of our workforce and our People Strategy is becoming embedded in our culture.

Working in partnership

We will work in partnership across the public, voluntary and community, and private sectors to ensure that all appropriate available resources are used to deliver maximum benefits to local people. We will be proactive in making 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 seek opportunities to achieve better value through our 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.



The Council has agreed to enter into an improvement partnership with West Sussex County Council (WSCC), to address the significant challenges that WSCC are facing but also offer opportunities for both authorities to work together on shared priorities, such as infrastructure, social care and climate change. A detailed action plan will be produced in 2020, setting out the challenges and actions that will be taken as part of the improvement partnership.

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. We are aiming for the same saving in 2020/21.

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.

Climate change

We will build on our earlier work to ensure all Council activities are carbon neutral as soon as possible and in any event by 2050. Working with partners and through the East Sussex Environmental Strategy, which will be published in 2020, we will take further action to tackle the wider climate emergency.

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.

Examples of planned work 2020/21

- 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 CO2 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

10

The charts below show how we will spend your revenue budget money in 2020/21, 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.

Pie charts to be added when
budgets finalised

Revenue budget

11

The diagram below is a visual representation of our gross revenue budget for 2020/21. 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 summary](#).

Bubble chart to be added
when budgets finalised

Pie charts and updated
capital projects to be added
when budgets finalised

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,	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 2020.



More information on equality and diversity can be found on our [equality and diversity web page](#).

Driving sustainable economic growth – performance measures and targets

14

Performance measure	2019/20 Outturn (Target)	2020/21 Target	2021/22 Target	2022/23 Target	2019 - 2023 Outcome Summary
Work with Seachange Sussex to deliver major transport infrastructure – Queensway Gateway Road	(Complete second phase of the road)	Complete final phase of the road	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	(Continue construction)	Complete construction and monitor impact	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	(Construction complete and monitor impact)	Monitor impact	No target set project completed	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	(To be set once deployment plans are set)	To be set	To be set 2020/21	To be set 2021/22	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

15

Performance measure	2019/20 Outturn (Target)	2020/21 Target	2021/22 Target	2022/23 Target	2019 - 2023 Outcome Summary
Deliver the new Employability and Skills Strategy: East Sussex business sector skills evidence base developed	(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. Establish Careers East Sussex task group and develop All Age Careers Campaign to promote key careers in Priority sectors	Seven sector task groups maintained, with each working to establish a new annual action plan and reporting to SES on actions and achievements. Deliver Careers East Sussex All-age Campaign to promote key job roles in our priority sectors including delivery of two sector-focused careers events	To be set 2021/22	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	(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 (Subject to funding)	To be set 2020/21	To be set 2021/22	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	(Trial the T Stats (Tourism Statistics) monitoring tool with tourism businesses in the Lewes, Eastbourne and Wealden area)	Deliver first wave of England's Creative Coast with the commissioning of three new art works	To be set 2020/21	To be set 2021/22	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)	To be set June 2020 pending funding confirmation	To be set 2020/21	To be set 2021/22	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

16

Performance measure	2019/20 Outturn (Target)	2020/21 Target	2021/22 Target	2022/23 Target	2019 - 2023 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	(15%)	15%	15%	15%	
In partnership with funding organisations provide online learning (including skills for life and ICT courses) in libraries (subject to contract)	(80 courses)	To be set June 2020 once external funding finalised	To be set 2020/21	To be set 2021/22	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 provided by Trading Standards	(300)	150	To be set 2020/21	To be set 2021/22	Businesses in East Sussex are equipped to thrive, comply with the law, and are supported to "get it right first time"
The Council's Apprenticeship Levy strategy supports the Council's workforce development and training plans	(Where appropriate standards exist, ensure apprenticeship training is available and taken up (subject to the needs of the business), addressing skills shortages in the Council)	Where appropriate Standards exist, to ensure apprenticeship training is available and taken up (subject to the needs of the business), which addresses skills shortages in the Council	To be set 2020/21	To be set 2021/22	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	(54%)	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	(≥10.0% of value of annual contracts awarded)	>10%	To be set 2020/21	To be set 2021/22	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

17

Performance measure	2019/20 Outturn (Target)	2020/21 Target	2021/22 Target	2022/23 Target	2019 - 2023 Outcome Summary
The percentage of eligible 2 year olds who take up a place with an eligible early years provider	(Above national average)	In line with 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 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	Ac Year 2021/22 At or above national average	
Average Progress 8 score for state funded schools	(Ac year 2018/19 At national average)	Ac year 2019/20 No more than 0.2 points below national average	Ac year 2020/21 No more than 0.2 points below national average	Ac year 2021/22 No more than 0.2 points 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 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	Ac year 2021/22 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 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	Ac year 2021/22 No more than 6 points below national average	

Driving sustainable economic growth – performance measures and targets

18

Performance measure	2019/20 Outturn (Target)	2020/21 Target	2021/22 Target	2022/23 Target	2019 - 2023 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%	93%	93%	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%	86%	86%	
Average Progress 8 score for Looked After Children (LAC)	(Ac Year 2018/19 No more than 0.5 points below the national average for LAC)	Ac Year 2019/20 No more than 0.5 points below the national average for LAC	Ac Year 2020/21 No more than 0.5 points below the national average for LAC	Ac Year 2021/22 No more than 0.5 points below the national average for LAC	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

19

Performance measure	2019/20 Outturn (Target)	2020/21 Target	2021/22 Target	2022/23 Target	2019 - 2023 Outcome Summary
National outcome measure: The proportion of people who use services who say that those services have made them feel safe and secure	(≥87.0%)	≥87.0%	≥87.0%	≥87.0%	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	(88%)	88%	88%	88%	To enable vulnerable people who have been affected by domestic violence to 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	(88%)	88%	88%	88%	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

20

Performance measure	2019/20 Outturn (Target)	2020/21 Target	2021/22 Target	2022/23 Target	2019 - 2023 Outcome Summary
Rate of children with a Child Protection Plan (per 10,000 children)	(54.2 (574 children))	To be set	To be set 2020/21	To be set 2021/22	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)	(518.0)	518.0	518.0	518.0	
Rate (of 0-17 population) of assessments completed by children's social care services (per 10,000 children)	(503.8)	503.8	503.8	503.8	
Rate of Looked After Children (per 10,000 children)	(60.7 (644 children))	60.7 (644 children)	60.7 (644 children)	60.7 (644 children)	
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 been the target of rogue trading or financial abuse	(100)	75	To be set 2020/21	To be set 2021/22	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

21

Performance measure	2019/20 Outturn (Target)	2020/21 Target	2021/22 Target	2022/23 Target	2019 - 2023 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 2020/21	To be set 2021/22	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: Implement infrastructure schemes on identified high risk routes to improve road safety	(10 schemes (subject to funding))	10 schemes (subject to funding)	To be set 2020/21	To be set 2021/22	
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 discharges 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	(31.5%)	33%	33%	33%	

Helping people help themselves – performance measures and targets

22

Performance measure	2019/20 Outturn (Target)	2020/21 Target	2021/22 Target	2022/23 Target	2019 - 2023 Outcome Summary
Number of carers supported through short-term crisis intervention	(540)	390	390	390	Carers are supported when they most need it enabling them to carry on in their caring role
Number of people receiving support through 'STEPS to stay independent'	(2,500)	2,500	2,500	2,500	Adults can maintain their independence
Number of people at risk of crisis receiving support through Homeworks	(800)	800	800	800	
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	(7,926 people receiving TECS)	8,166 people receiving TECS	8,166 people receiving TECS	8,166 people receiving TECS	
Number of providers registered with Support With Confidence	(244 (10% increase on 2018/19 outturn))	10% increase on 2019/20 outturn	10% increase on 2020/21 outturn	10% increase on 2021/22 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	(>90.5%)	>90.5%	>90.5%	>90.5%	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	2019/20 Outturn (Target)	2020/21 Target	2021/22 Target	2022/23 Target	2019 - 2023 Outcome Summary
Number of new service user interventions started through One You East Sussex as part of the Integrated Lifestyle Service	(6,000)	7,000	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	(600)	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%)	87%	85%	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	(Cumulative: 3,450)	To be set	All applicable families will be engaged by the programme by the end of 2020/21	All applicable families will be engaged by the programme by the end of 2020/21	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

24

Performance measure	2019/20 Outturn (Target)	2020/21 Target	2021/22 Target	2022/23 Target	2019 - 2023 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	9.10	To maximise the use of resources and improve staff and customer wellbeing
Deliver the Property Asset Investment Strategy	(Development of feasibility studies for a minimum of 4 key sites)	Outline business cases brought forward against at least 2 priority projects	To be set 2020/21	To be set 2021/22	Our Property Asset Investment Strategy will explore income generation from property, optimise capital receipts and promote economic growth across the county
Cost of occupancy of corporate buildings per sq. metre	(£148.46 / sq. metre (2% reduction on 2018/19))	To be set	To be set 2020/21	To be set 2021/22	The net occupancy cost per square metre of corporate buildings is reduced per annum. Thus reducing operating costs to the Council with the aim of delivering efficient management of resources and suppliers
All East Sussex County Council activities are carbon neutral as soon as possible and in any event by 2050	TBC	TBC	TBC	TBC	TBC

State of the County data

25

We review a wide range of data 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 State of the County - Focus on East Sussex, 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 2018/19. Where possible official national statistics are used for comparison with the England average (figures in brackets).

DSEG	Percentage of working age residents (16-64 year olds) with a level 4 qualification or above (includes degrees, HNC, HND and others)	37.0% (39.0%) CY 2018
DSEG	Percentage of working age residents (16-64 year olds) with no qualifications or qualified only to NVQ1	20.9% (18.2%) CY 2018
DSEG	Annual gross full time earnings, median average (residence based)	£29,345 (£30,661)
DSEG	Percentage of working age population (16-64 year olds) in employment	73.6% (75.6%)
DSEG	People claiming unemployment related benefits (alternative claimant count), percentage of population 16-64 years old	3.0% (3.1%)
DSEG	New business registration rate per 10,000 people over 16	48.5 (75.2)
DSEG	New houses built, total completed / total affordable	1,734 / 295
DSEG	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)	76.0% (71.8%)
DSEG	Percentage of pupils reaching the expected standard at key stage 2 in reading, writing and mathematics	62% (65%)
DSEG	Average Attainment 8 score per pupil state funded secondary schools	45.2 (46.7)
DSEG	Average Progress 8 score for state funded secondary schools	-0.05 (-0.03)
DSEG	Percentage of pupils who achieved a 9-5 pass in English and maths GCSEs	41.5% (43.0%)
DSEG	Average Attainment 8 score per pupil for Looked After Children	18.4 (18.9)
DSEG	Average point score (APS) per entry for level 3 exams including A levels (16-18 year olds)	30.91 (32.02)
DSEG	Attainment of A level students (age 16-18) average point score (APS) per entry, best 3	29.44% (32.17%)
DSEG	Attainment of A level students (age 16-18) % achieving grades AAB or better at A level, of which at least two are in facilitating subjects	9.2% (13.4%)

KVPS	Rate per 10,000 (aged 0 –17 population) of Looked After Children	57.3 (65.0)
KVPS	Rate per 10,000 (aged 0-17 population) of children with a Child Protection Plan	53.5 (43.7)
KVPS	Percentage of children who ceased to be looked after adopted during the year ending 31 March	16% (12%)
KVPS	Rate of hospital emergency admissions caused by unintentional and deliberate injuries in children and young people aged 0-14 years per 10,000 population	112.5 (96.4)
KVPS	Proportion of people who use Adult Social Care services who feel safe	72.7% (70.0%)
KVPS	Percentage of people (65 and over) who were still at home 91 days after discharge from hospital	92.8% (82.4%)
KVPS	Suicide rate per 100,000 of population three year average	13.7 (9.6) 2016-18
HPHT	Percentage of children aged 4-5 years with excess weight (overweight or obese), by postcode of child	23.4% (22.6%)
HPHT	Percentage of children aged 10-11 years with excess weight (overweight or obese) by postcode of child	28.2% (34.3%)
HPHT	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	14.4 (13.9)
HPHT	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	502.9 (580.0)
HPHT	Proportion of older people aged 65 and over who received reablement services following discharge from hospital	2.9% (2.8%)
HPHT	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	92.2% (79.6%)
HPHT	Proportion of people who use Adult Social Care services who find it easy to find information about services	75.5% (69.7%)
HPHT	Social Isolation: percentage of Adult Social Care users who have as much social contact as they would like	49.2% (45.9%)
HPHT	Number of people killed or seriously injured on the roads	355 CY 2019

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Appendix 2: Medium Term Financial Plan

Medium Term Financial Plan	2019/20	2020/21	2021/22	2022/23
	Approved Budget	Estimate	Estimate	Estimate
	£million	£million	£million	£million
TAXATION & GOVERNMENT FUNDING		(375.145)	(403.437)	(410.842)
Business Rates (Inclusive of BRR Pilot in 19/20; BR Pooling in 20/21 has been approved)	(83.761)	1.852	0.414	(1.745)
Revenue Support Grant		(3.548)	1.413	1.528
Council Tax	(290.498)	(6.314)	(9.572)	(9.148)
Adult Social Care Precept		(5.771)	(0.175)	(0.180)
New Homes Bonus	(0.886)	0.119	0.515	0.138
Social Care Grant (share of £1bn over life of the Parliament, plus £4.4m grant rolled in from previous years)		(14.630)		
TOTAL TAXATION & GOVERNMENT FUNDING	(375.145)	(403.437)	(410.842)	(420.249)
SERVICE PLAN				
Service Expenditure	340.888	341.236	365.210	377.998
Investment of unallocated funding – Revenue (Appendix 5)		2.453	(0.746)	(1.707)
Inflation				
Pay Award	3.635	3.415	3.033	3.135
Contractual inflation (contract specific)	0.889	0.658	0.841	0.839
Normal inflation for contracts	6.270	9.182	8.485	8.898
Adult Social Care				
Growth & Demography	3.538	3.840	3.500	3.500
Winter Pressures		2.586	(2.586)	
Improved Better Care Fund	(18.551)	(2.586)		
Children's Services				
Dedicated Schools Grant	4.891	1.778	0.422	
Growth & Demography	1.656	1.555	1.070	2.822
Looked After Children	1.043	5.015	1.909	
Post 16 i-Send (New Responsibility)	0.269			
Fostering	0.374			
Care leavers (New Responsibility)	0.163			
Home to School Transport	0.726			
Disabled Access Regulations for Buses/Coaches		0.012	0.043	0.098
Residential Homes - staffing		0.549		
SEND High Needs Block Additional funding		(1.276)	0.462	(1.324)
Communities, Environment & Transport				
Waste Housing Growth	0.233	0.108	0.236	0.238
Street lighting Electricity/Re-payment of Investment		(0.195)	(0.655)	
Libraries Hastings rates and utilities	0.046			
Climate Change Officer		0.055		
Business Services				
IT & Digital Licences	0.297	0.123	0.025	
IT & Digital Data Centre		0.093		
Apprenticeship Team		0.117		
Governance Services				
Coroners - post mortems / pathology		0.033		
Savings				
Savings 2019/20 - 2021/22	(5.131)	(4.227)	(2.953)	
Temporary mitigations to savings (Appendix 5)		0.686	(0.298)	(0.388)
NET SERVICE EXPENDITURE	341.236	365.210	377.998	394.109

Appendix 2: Medium Term Financial Plan

Corporate Expenditure		33.909	38.227	34.287
Treasury Management	17.696	0.542	(0.179)	0.221
Treasury Management (Capital Programme to 2022/23 impact)				1.000
Funding Capital Programme - New Homes Bonus		0.767	(0.515)	(0.138)
Investment of unallocated funding – Capital (Appendix 5)		1.242	(1.242)	
General Contingency	3.570	0.280	0.080	0.080
Contribution to balances and reserves	0.908	1.878	(2.095)	
Pensions	10.338	(0.515)		
Apprenticeship Levy	0.600			
Levies & Grants	0.797	0.124	0.011	0.012
TOTAL CORPORATE EXPENDITURE	33.909	38.227	34.287	35.462
TOTAL PLANNED EXPENDITURE	375.145	403.437	412.285	429.571
CUMULATIVE DEFICIT/(SURPLUS)	0.000	0.000	1.443	9.322
ANNUAL DEFICIT/(SURPLUS)	0.000	0.000	1.443	7.879

Budget Summary 2020/21

Revenue Budget 2020/21

Medium Term Financial Plan 2020/21 to 2022/23

Capital Programme to 2029/30

APPENDIX 3

Page 31

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Contents

	Page		Page
Introduction	3	Capital Programme 2020/21 to 2029/30	26 to 32
		Introduction	
Medium Term Financial Planning	4 to 5	Summary of Departmental Spending & Resources	
		Adult Social Care	
Resources	6 to 9	Business Services	
Funding / spending power		Children's Services	
Specific and Special Grant Funding		Communities Economy and Transport	
Council Tax in East Sussex [to follow, pending information from Districts & Boroughs]			
Revenue Budget Summary	10 to 17	Reserve balances	33
ESCC Budget			
Gross Budget to Net Budget		Explanation of key terms	34
Departmental Budget Movements - prior years			
Gross & Net Revenue Budgets Charts			
Budget Changes 2019/20 to 2020/21			
Subjective Analysis			
Revenue Budgets	18 to 25		
Adult Social Care			
East Sussex Better Together			
Public Health			
Business Services / Orbis			
Children's Services			
Communities Economy and Transport			
Governance Services			

Further information can also be obtained from our website:
[eastsussex.gov.uk](https://www.eastsussex.gov.uk)

or by writing to:

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Lewes

East Sussex BN7 1UE

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finance@eastsussex.gov.uk

Chief Finance Officer's Foreword

Introduction

This budget summary provides detail on the 2020/21 revenue budget and the Capital Programme to 2029/30. 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 2020/21 Approved Budget

In 2020/21 the Council (including schools) will spend £831.2m to deliver services to the people of East Sussex, with a further £97.9m 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; and
- 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 2020/21, savings of £3.5m will be delivered; however, careful management has allowed an opportunity for extra investment of £4.4m to be made in priority areas, that will help reduce costs in future as well as doing more for residents. While for 2020/21 the budget is balanced, there remain significant uncertainties. During 2020, it is expected that there will be a Comprehensive Spending Review which, together with the Fair Funding Review and Business Rates Retention, will impact on 2020/21 and beyond. 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 £318.6m; 38% of the total expenditure of the Council.

Council Tax finances 36% of the total expenditure of the Council. For 2020/21 the Council Tax will be increased by 3.99%. Band D Council Tax will therefore be £1,492.02 per annum; an increase of £57.24 on current

Capital Programme

The Capital Strategy to 2040 has provided the opportunity to review the programme, reset priorities and present a ten-year programme that commits to funding core basic need capital investment to maintain capital assets delivering core services to the residents of East Sussex.

The programme to 2029/30 is £662m gross, £587m net over 10 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, an estimated 36% will be funded by Central Government grants.

Climate Change

An evidence-based climate emergency plan is being developed to identify the measures required for the County Council to get to net zero emissions by 2050 or earlier. This will build on the measures taken to date, which have already reduced the corporate carbon footprint by 46% over the last ten years.

Performance measures and actions will be built into the Council Plan and agreed through the RPPR process in future years; updating our corporate priorities to reflect the priority to reduce emissions to net-zero.

Ian Gutsell
Chief Finance Officer
February 2020

Medium Term Financial Planning

£'m	2019/20 Budget	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
CORPORATE FUNDING		(375.145)	(403.437)	(410.842)
Business Rates (Inclusive of BRR Pilot in 2019/20, BR Pooling in 2020/21 has been approved)	(83.761)	1.852	0.414	(1.745)
Revenue Support Grant		(3.548)	1.413	1.528
Council Tax	(290.498)	(6.314)	(9.572)	(9.148)
Adult Social Care Precept		(5.771)	(0.175)	(0.180)
New Homes Bonus	(0.886)	0.119	0.515	0.138
Social Care Grant (share of £1bn over life of Parliament, plus £4.4m grant rolled in from previous years)		(14.630)		
TOTAL CORPORATE FUNDING	(375.145)	(403.437)	(410.842)	(420.249)
SERVICE PLAN				
Service Expenditure	340.888	341.236	365.210	377.998
Investment of unallocated funding – Revenue		2.453	(0.746)	(1.707)
Inflation				
Pay Award	3.635	3.415	3.033	3.135
Contractual inflation (contract specific)	0.889	0.658	0.841	0.839
Contractual Inflation at OBR rates	6.270	9.182	8.485	8.898
Adult Social Care				
Growth & Demography	3.538	3.840	3.500	3.500
Winter Pressures		2.586	(2.586)	
Improved Better Care Fund	(18.551)	(2.586)		
Children's Services				
Dedicated Schools Grant	4.891	1.778	0.422	
Growth & Demography	1.656	1.555	1.070	2.822
Looked After Children	1.043	5.015	1.909	
Post 16 i-Send (New Responsibility)	0.269			
Fostering	0.374			
Care leavers (New Responsibility)	0.163			
Home to School Transport	0.726			
Disabled Access Regulations for Buses/Coaches		0.012	0.043	0.098
Residential Homes - staffing		0.549		
SEND High Needs Block Additional funding		(1.276)	0.462	(1.324)
Communities, Environment & Transport				
Waste Housing Growth	0.233	0.108	0.236	0.238
Street lighting Electricity/Re-payment of Investment		(0.195)	(0.655)	
Libraries Hastings rates and utilities	0.046			

Medium Term Financial Planning

£'m	2019/20 Budget	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Climate Change Officer		0.055		
Business Services				
IT & Digital Licences	0.297	0.123	0.025	
IT & Digital Data Centre		0.093		
Apprenticeship Team		0.117		
Governance Services				
Coroners - post mortems / pathology		0.033		
Savings				
Savings 2020/21-2021/22	(5.131)	(4.227)	(2.953)	
Temporary mitigations to savings		0.686	(0.298)	(0.388)
Total Net Service Expenditure	341.236	365.210	377.998	394.109
Corporate Budgets		33.909	38.227	34.287
Treasury Management	17.696	0.542	(0.179)	0.221
Treasury Management (capital impact)				1.000
Funding Cap Programme - New Homes Bonus		0.767	(0.515)	(0.138)
Investment of unallocated funding – Capital		1.242	(1.242)	
General Contingency	3.570	0.280	0.080	0.080
Contribution to balances and reserves	0.908	1.878	(2.095)	
Pensions	10.338	(0.515)		
Apprenticeship Levy	0.600			
Levies & Grants	0.797	0.124	0.011	0.012
Total Corporate Expenditure	33.909	38.227	34.287	35.462
TOTAL PLANNED SPENDING	375.145	403.437	412.285	429.571
CUMULATIVE DEFICIT/(SURPLUS)	0.000	0.000	1.443	9.322

Resources - funding / core spending power

Settlement Funding Assessment 2020/21

For the first time since the introduction of current formula, Government funding to local authority services has increased. An inflationary increase has been given, bringing an end to year on year decreases.

Settlement Funding Assessment (SFA):

Funding	2019/20	2020/21	1 year change	1 year change
	£'000	£'000	£'000	%
Business Rates Retention	34,939	12,291	-22,648	-64.8
Business Rates Top-up	42,413	62,773	20,360	48.0
Total Business Rates	77,352	75,064	-2,288	-3.0
Revenue Support Grant (RSG)	0	3,548	3,548	
Total - ESCC	77,352	78,612	1,260	1.6

The SFA represents the general funding level provided by Government to local authorities. For 2020/21, the increase in SFA is £1.260m or 1.6%. This is in line with CPI and is a change in approach from previous settlements. However the increase is small in comparison to the decreases the Council has experienced in SFA, 2019/20 was the final year of the four year offer, in those four years the SFA decreased £59.653m or (43.5)%

Business rates retention is based on the Government's national assessment of business rate yield. The Council's budget for business rates retention reflects its 9% share of locally collected business rates from information provided by the District and Borough Councils. This is a change to 2019/20 where the East Sussex Business Rates Pilot took place and the Council had a 26% share of locally collected business rates.

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 table below details changes to the County Council's Spending Power for 2015/16 to 2020/21; 2020/21 reflecting a one-year settlement only.

Core Spending Power	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	5 Year Change £'000	%
Business Rates retention	11,302	11,396	11,462	11,855	34,939	12,291	989	8.8%
Business Rates Top-Up	56,828	57,302	58,638	60,351	42,413	62,773	5,945	10.5%
Revenue Support Grant	68,875	45,107	26,727	14,966		3,548	-65,327	-94.8%
Settlement Funding Assessment	137,005	113,805	96,827	87,172	77,352	78,612	-58,393	-42.6%
Compensation for business rates capping	994	994	1,053	1,655	2,407	3,009	2,015	202.8%
Council Tax	227,221	242,632	257,380	276,720	289,773	303,744	76,523	33.7%
Improved Better Care Fund			11,313	15,157	18,551	21,136	21,136	
New Homes Bonus	2,275	2,720	2,078	1,231	886	767	-1,508	-66.3%
New Homes Bonus returned funding	222	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 ¹				2,586	2,586		0	
Social Care Support Grant ²					4,417		0	
Social Care Grant						14,631	14,631	
ESCC Core Spending Power	367,716	363,012	374,113	386,136	395,972	421,898	54,182	14.7%

¹ For 2020-21, Winter Pressures Grant allocations will be rolled into the Improved Better Care Fund, and no longer ringfenced for alleviating winter pressures.

² For 2020-21, Social Care Support Grant allocations will be rolled into the Social Care Grant.

For the Council, last years Spending Power calculation showed that spending would increase by £28.3m or 7.7%, over the life of the 4 year deal. This year's calculation suggests a 5 year increase in Spending Power of £54.2m or 14.7%. The increase is due to the Government's anticipated Council Tax growth and assumes that councils will take up the allowance to increase general Council Tax by 3.99% in 2020/21. Also new social care funding of £10.2m

The Government revises this measure each year, 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 2019/20 £'000	Estimate 2020/21 £'000	Change £'000
Adult Social Care/Public Health			
Public Health Grant	26,550	26,816	266
Improved Better Care Fund (incl. rolled in Winter Pressure	18,551	21,137	2,586
L R and C V Grant - War Pensions scheme disregard	241	248	7
Local Reform and Community Voices Grant	54	54	0
Former Independent Living Fund (ILF) Recipient Grant	956	956	0
	46,352	49,211	2,859
Children's Services			
Troubled Families Grant	1,444	2,348	904
Unaccompanied Asylum Seeking Children (UASC)	801	1,580	779
Extended Rights to Free Transportation	672	672	0
Youth Justice Good Practice Grant	389	386	(3)
Staying Put	292	292	0
YOT Secure Remand	197	197	0
School Improvement grant	190	190	0
Hastings Opportunity Area Fund (ends Aug 20)	3,122	176	(2,946)
Early Years Professional Development grant	0	111	111
DfE 18+ Care Leavers Service	17	81	64
Junior Attendance Centre Grant	27	27	0
KS2 moderation and phonics	19	19	0
SSIF funding	147	0	(147)
	7,317	6,079	(1,238)
Communities Economy and Transport			
PFI Grant - Waste	2,996	2,996	0
Bus Service Operators Grant	443	443	0
DEFRA - AONB - High Weald	294	294	0
Bikeability Grant for Local Highway Authorities	118	118	0
Lead Local Flood Authority Grant	48	48	0
Arts Council	15	2	(13)
ACCESS Fund	371	0	(371)
Transport of the SE	500	0	(500)
	4,785	3,901	(884)
Governance Services			
Local Reform and Community Voices Grant	310	307	(3)
	310	307	(3)
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	15	12	(3)
Social Care Grant (rolled into core spending power)	4,417	0	(4,417)
	4,490	70	(4,420)
Total Direct Impact	65,013	61,327	(3,686)

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

	Rebased Budget 2019/20 £'000	Estimate 2020/21 £'000
Children's Services		
Dedicated Schools Grant	225,591	228,797
Pupil Premium Grant	8,847	8,847
Teachers Pension Grant	0	3,611
Universal Infant Free School Meals	3,671	3,362
PE and Sport Grant	2,007	2,073
Teachers Pay Grant	0	1,861
Higher Education Funding Council grant	791	755
Sixth Form Funding from the Education Funding Agency	70	70
	240,977	249,376

Communities Economy and Transport

Skills Funding Agency	564	564
Community Learning	195	202

Adult Social Care/Public Health

Disabled Facilities Grant (passported to Districts & Boroughs)	6,635	7,160
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Total Indirect Impact	248,371	257,302
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Grant Funding Summary

Government Specific and Special Grants		
Total Direct Impact	65,013	61,327
Total Indirect Impact	248,371	257,302
	313,384	318,629
Grants from other agencies		
Music Service - Arts Council grant *	643	0
Initial teacher Training Grant - Teacher Training Agency	24	0
	667	0
Total	314,051	318,629

* Service transferred to Brighton Dome & Brighton Festival Ltd in Sept 19

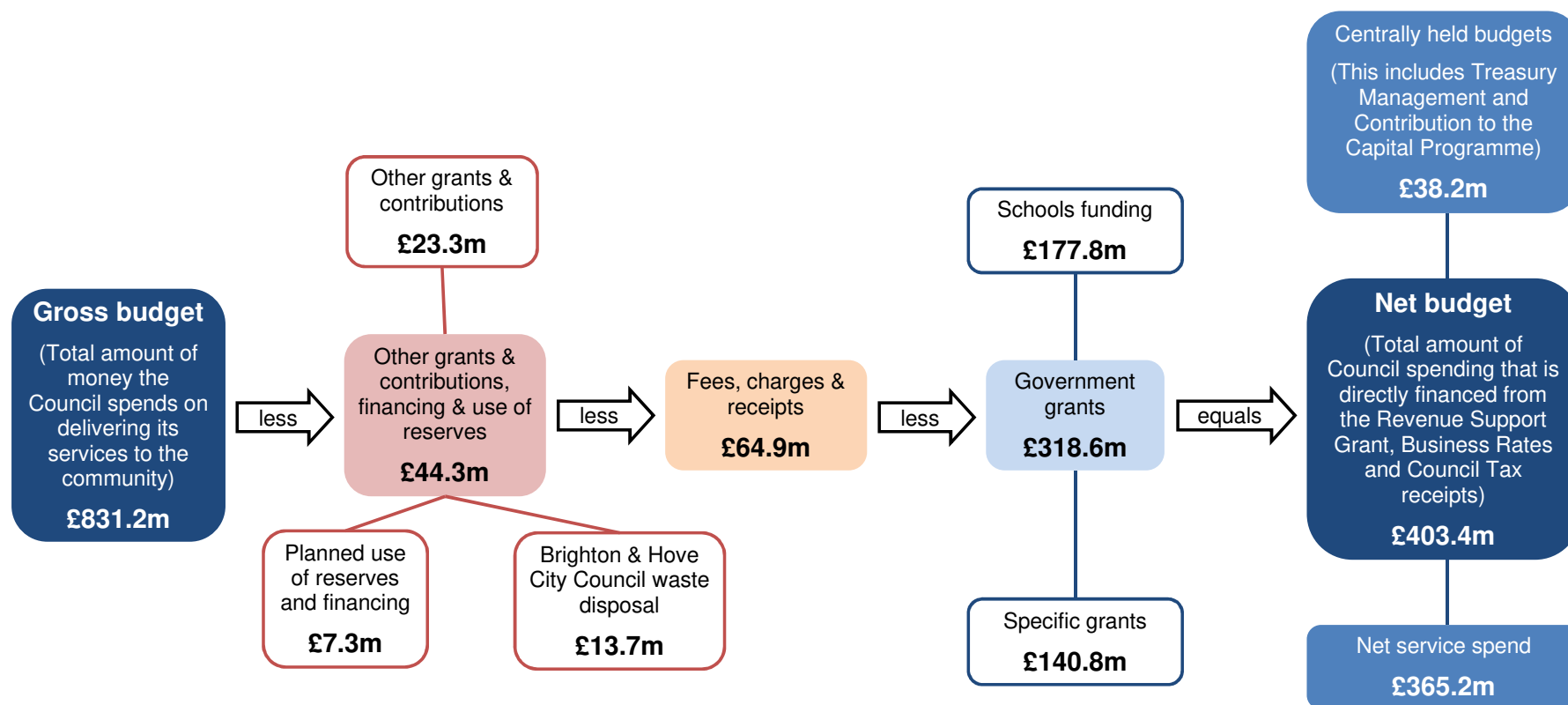
Summary by department		
Adult Social Care/Public Health	52,987	56,371
Children's Services	248,294	255,455
Communities Economy and Transport	5,544	4,667
Governance Services	310	307
Business Services	1,759	1,759
	308,894	318,559
Corporate items	4,490	70
	313,384	318,629
Grants from other agencies	667	0
Total	314,051	318,629

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

Revenue Budget Summary 2020/21

ESCC Budget	2019/20 Budget £000	2020/21 Budget £000	Change £000	%
Gross Expenditure	795,277	831,228	35,951	4.52%
Less:				
Fees, Charges & Receipts	(62,527)	(64,917)	(2,390)	
Specific Government Grants	(311,338)	(318,629)	(7,291)	
Financing and Planned use of reserves	(6,293)	(7,264)	(971)	
Other grants and contributions	(39,974)	(36,981)	2,993	
Net Expenditure	375,145	403,437	28,292	7.54%
Made up of:-				
Net Service Expenditure	341,236	365,210	23,974	
Treasury Management	17,696	18,238		
Funding Capital Programme - New Homes Bonus		767		
Investment of unallocated funding – Capital		1,242		
Contingency	3,570	3,850		
Pay & inflation provision (incl National Living Wage)	3,021			
Contribution to balances and reserves	(2,113)	2,786		
Pensions	10,338	9,823		
Apprenticeship Levy	600	600		
Levies and Grants	797	921		
Net corporate expenditure	33,909	38,227	4,318	12.73%
Net Budget	375,145	403,437	28,292	7.54%
Funded by:-				
Business Rates & S31 Grants	(83,761)	(81,909)		
Revenue Support Grant		(3,548)		
New Homes Bonus	(886)	(767)		
Social Care Grant		(14,630)		
Collection Fund adjustment	(2,822)	(830)		
Collection Fund Council Tax (Surplus)/ Deficit		(879)		
Funding Other Than Council Tax	(87,469)	(102,563)	(15,094)	17.26%
Council Tax Requirement	287,676	300,874		
Taxbase: Number of "Band D" equivalent dwellings	200,502	201,656		
Band D Council Tax	£1,434.78	£1,492.02		3.99%

Revenue Budget Summary 2020/21 - gross budget to net budget

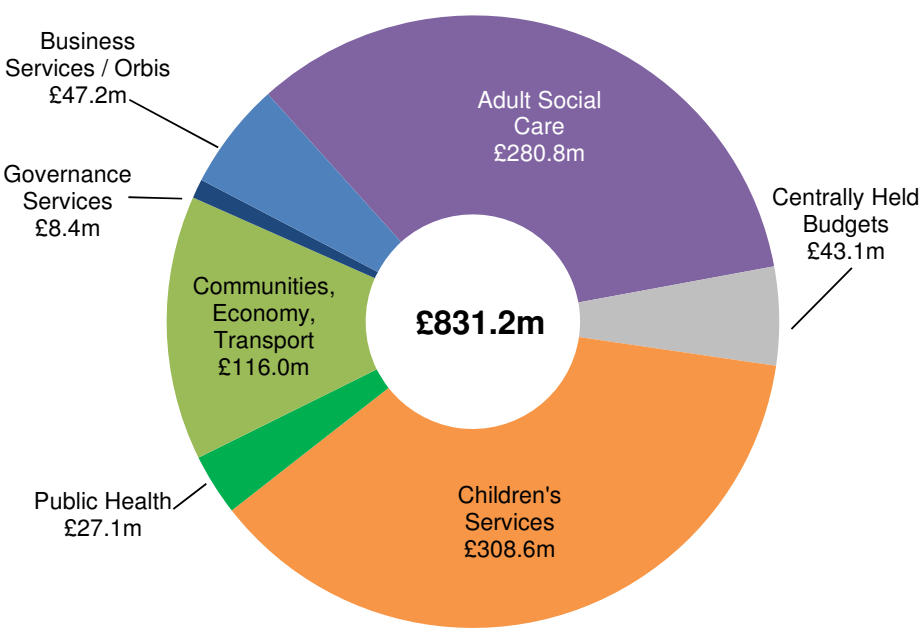


Revenue Budget Summary - departmental budget movements 2016/17 to 2019/20

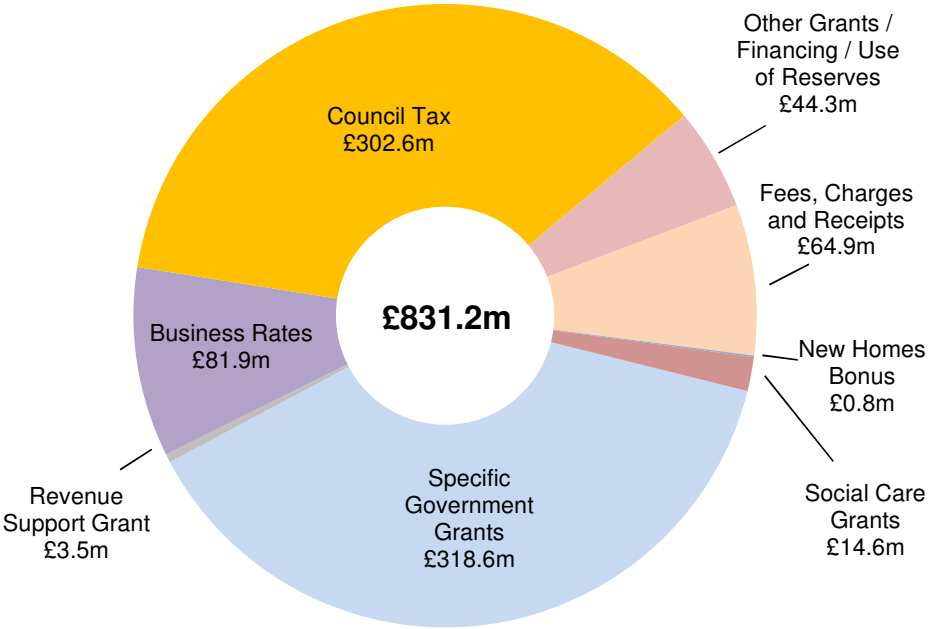
	2016/17 Rebased Budget £'000	Net Movt %	2017/18 Rebased Budget £'000	Net Movt %	2018/19 Rebased Budget £'000	Net Movt %	2019/20 Rebased Budget £'000	Net Movt 16/17 to 19/20 %
Adult Social Care	163,572	3.08%	168,608	-1.90%	165,407	3.66%	171,456	4.82%
Public Health	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Business Services / Orbis	21,601	-1.48%	21,282	4.64%	22,270	4.30%	23,227	7.53%
Children's Services (excl. schools)	64,593	6.14%	68,562	0.14%	68,655	12.61%	77,314	19.69%
Communities, Economy & Transport	60,818	4.22%	63,384	-1.86%	62,206	-0.93%	61,626	1.33%
Governance Services	7,499	-2.92%	7,280	-1.21%	7,192	2.42%	7,366	-1.77%
Total Departments	318,083	3.47%	329,116	-1.03%	325,730	4.68%	340,989	7.20%

Revenue Budget Summary 2020/21 - gross revenue budget

How we will spend your money (gross)

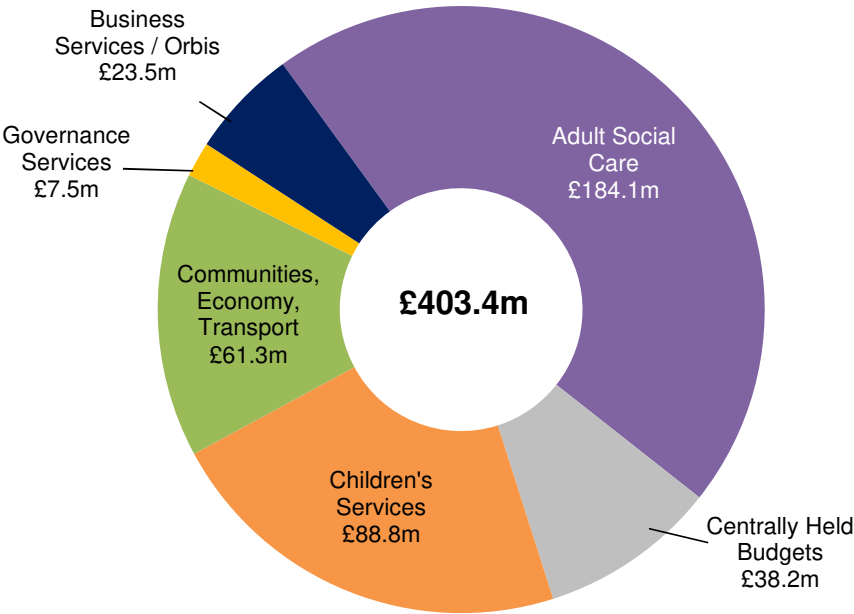


Where the money comes from (gross)

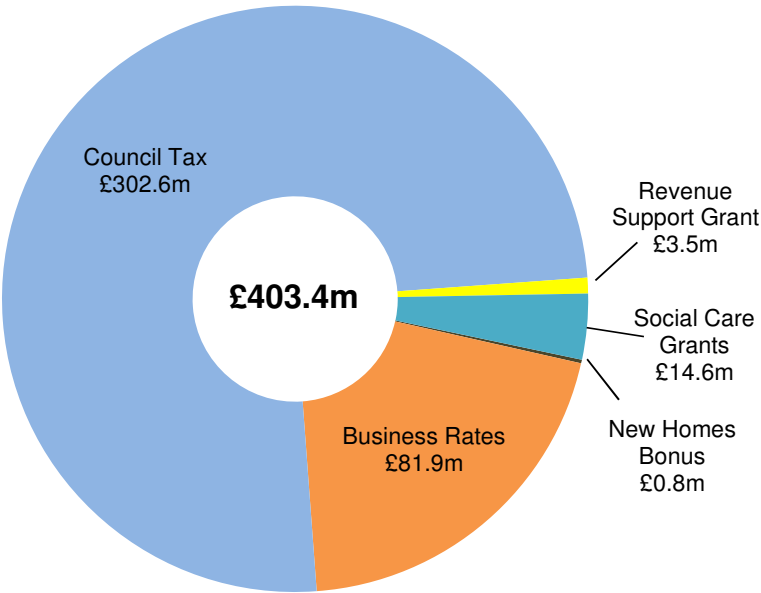


Revenue Budget Summary 2020/21 - net revenue budget

How we will spend your money (net)



Where the money comes from (net)



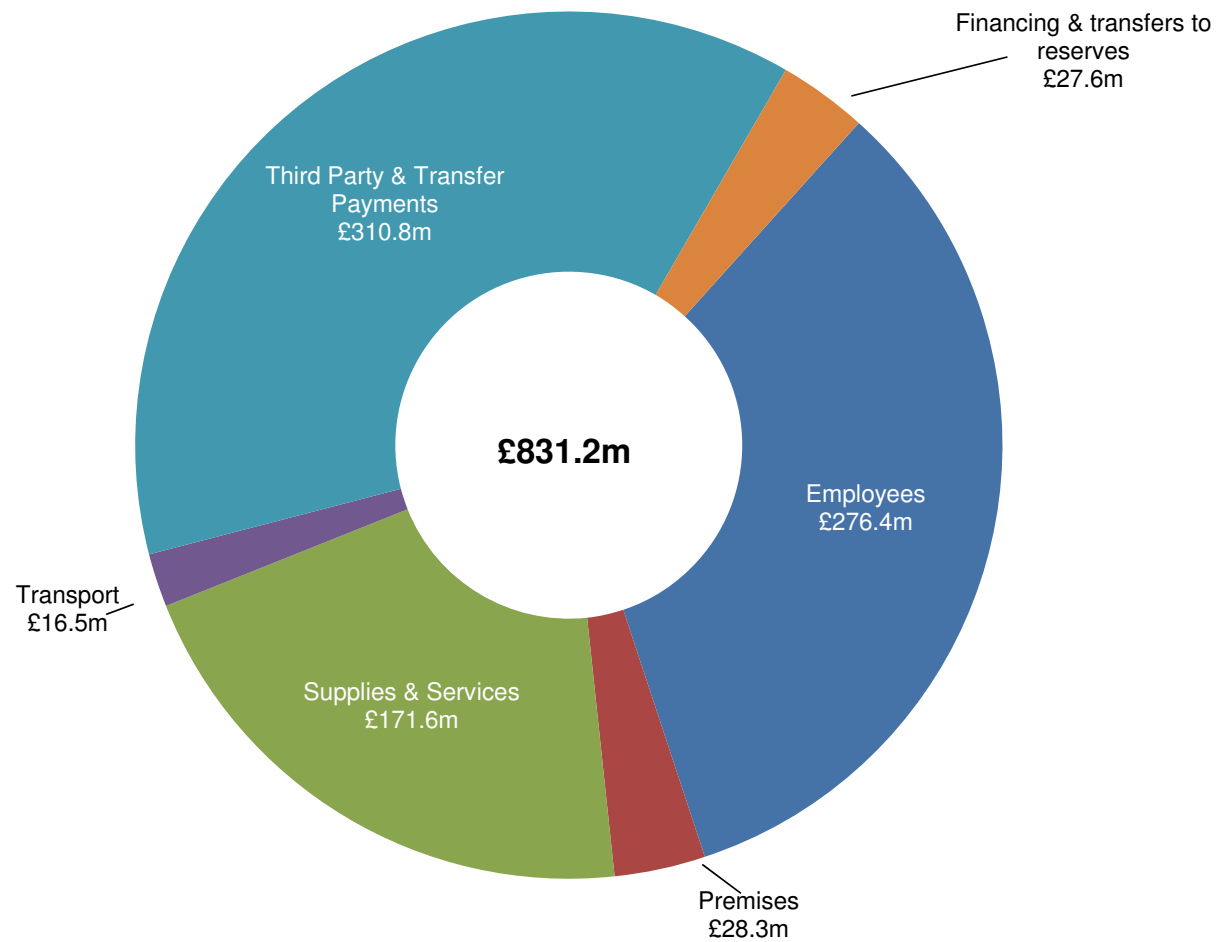
Revenue Budget Summary 2020/21 - budget changes 2019/20 to 2020/21

	2019/20 Rebased Net Budget £'000	Additions £'000	Reductions £'000	2020/21 Net Budget £'000	Change	
					£'000	%
Adult Social Care	171,456	12,880	(274)	184,062	12,606	7.35%
Public Health	-	-	-	-	-	0.00%
Business Services / Orbis	23,227	4,078	(3,782)	23,523	296	1.27%
Children's Services (inc. schools)	77,314	13,471	(1,957)	88,828	11,514	14.89%
Communities, Economy & Transport	61,626	1,183	(1,544)	61,265	(361)	-0.59%
Governance Services	7,366	168	(2)	7,532	166	2.25%
Total Departments	340,989	31,780	(7,559)	365,210	24,221	7.10%
Centrally held budgets	34,156	11,136	(7,065)	38,227	4,071	11.92%
Total	375,145	42,916	(14,624)	403,437	28,292	7.54%

Revenue Budget Summary 2020/21 - 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	52,473	1,133	1,127	10,311	215,725	4	280,773	(29,555)	(31,935)	(35,894)	(88)	(97,472)	761	184,062
Public Health	2,195	-	16	157	24,738	-	27,106	(26,816)	-	-	(607)	(27,423)	317	-
Business Services / Orbis	2,671	11,553	82	30,948	1,920	11	47,185	(2,195)	(2,910)	(8,825)	(72)	(14,002)	(9,660)	23,523
Children's Services	185,445	11,230	1,564	44,038	66,146	153	308,576	(254,966)	15,830	(3,527)	(430)	(243,093)	23,345	88,828
Communities Economy & Transport	15,897	4,071	13,690	79,392	523	2,486	116,059	(4,667)	(17,644)	(16,491)	(1,264)	(40,066)	(14,728)	61,265
Governance Services	5,043	317	60	2,097	912	-	8,429	(360)	(322)	(180)	-	(862)	(35)	7,532
Services	263,724	28,304	16,539	166,943	309,964	2,654	788,128	(318,559)	(36,981)	(64,917)	(2,461)	(422,918)	-	365,210
Centrally held budgets	12,626	-	-	4,651	881	24,942	43,100	(70)	-	-	(4,803)	(4,873)	-	38,227
Total	276,350	28,304	16,539	171,594	310,845	27,596	831,228	(318,629)	(36,981)	(64,917)	(7,264)	(427,791)	-	403,437

Revenue Budget Summary 2020/21 - subjective analysis



Revenue Budgets - Adult Social Care

2019/20 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														
53,363 Residential & Nursing	3,776	394	93	373	74,105	-	78,741	-	(3,097)	(18,801)	-	(21,898)	119	56,962
5,927 Supported & Other Accommodation	-	-	-	-	6,334	-	6,334	-	-	-	-	-	-	6,334
25,929 Home Care	6,016	-	342	93	21,950	-	28,401	-	(790)	-	-	(790)	6	27,617
1,419 Day Care	178	123	5	22	1,477	-	1,805	-	-	(399)	-	(399)	157	1,563
17,140 Direct Payments	-	-	-	-	17,716	-	17,716	-	-	-	-	-	-	17,716
(11,178) Other Services	1,747	20	92	1,360	2,815	-	6,034	(2,048)	(15,961)	(2)	-	(18,011)	-	(11,977)
(9,540) Fairer Charging *	-	-	-	-	-	-	-	-	-	(9,824)	-	(9,824)	-	(9,824)
- Meals in the Community	-	-	-	-	-	-	-	-	-	-	-	-	-	-
83,060 Subtotal	11,717	537	532	1,848	124,397	-	139,031	(2,048)	(19,848)	(29,026)	-	(50,922)	282	88,391
Learning Disability Support														
34,483 Residential & Nursing	1,618	103	13	93	38,622	-	40,449	-	-	(2,866)	-	(2,866)	26	37,609
12,361 Supported & Other Accommodation	1,615	15	36	26	12,180	-	13,872	-	(21)	(137)	-	(158)	17	13,731
1,205 Home Care	-	-	-	-	1,287	-	1,287	-	-	-	-	-	-	1,287
3,717 Day Care	1,908	131	33	40	1,726	4	3,842	-	-	(389)	-	(389)	312	3,765
6,896 Direct Payments	-	-	-	-	7,369	-	7,369	-	-	-	-	-	-	7,369
1,907 Other Services	1,298	11	67	159	980	-	2,515	(153)	(59)	(94)	-	(306)	5	2,214
(1,313) Fairer Charging *	-	-	-	-	-	-	-	-	-	(1,352)	-	(1,352)	-	(1,352)
59,256 Subtotal	6,439	260	149	318	62,164	4	69,334	(153)	(80)	(4,838)	-	(5,071)	360	64,623
Mental Health Support														
3,114 Residential & Nursing	-	-	-	-	3,127	-	3,127	-	-	(538)	-	(538)	-	2,589
2,430 Supported & Other	-	-	-	-	2,596	-	2,596	-	-	-	-	-	-	2,596
370 Home Care	-	-	-	-	395	-	395	-	-	-	-	-	-	395
31 Day Care	36	3	1	15	34	-	89	-	(52)	(2)	-	(54)	-	35
953 Direct Payments	-	-	-	-	1,018	-	1,018	-	-	-	-	-	-	1,018
4 Other Services	-	-	-	-	3,005	-	3,005	(34)	(2,933)	-	-	(2,967)	-	38
(483) Fairer Charging *	-	-	-	-	-	-	-	-	-	(497)	-	(497)	-	(497)
6,419 Subtotal	36	3	1	15	10,175	-	10,230	(34)	(2,985)	(1,037)	-	(4,056)	-	6,174

Revenue Budgets - Adult Social Care

2019/20 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														
1,154 Other Services	467	5	5	417	1,966	-	2,860	-	(1,707)	-	-	(1,707)	-	1,153
1,154 Subtotal	467	5	5	417	1,966	-	2,860	-	(1,707)	-	-	(1,707)	-	1,153
2,958 Equipment & Assistive Technology	-	-	-	3,316	2,283	-	5,599	-	(2,557)	(544)	-	(3,101)	-	2,498
6,989 Supporting People	858	13	-	5	5,957	-	6,833	-	(310)	-	-	(310)	-	6,523
336 Safer Communities	458	-	3	-	-	-	461	-	-	-	-	-	-	461
22,952 Assessment & Care Management	24,287	71	379	582	692	-	26,011	(54)	(2,660)	(334)	-	(3,048)	26	22,989
13,042 Management & Support	8,211	244	58	3,810	7,500	-	19,823	1,031	(1,673)	(115)	(88)	(845)	93	19,071
(25,186) Improved Better Care Fund and Disabled Facilities Grant	-	-	-	-	-	-	-	(28,297)	-	-	-	(28,297)	-	(28,297)
171,456 Total	52,473	1,133	1,127	10,311	215,725	4	280,773	(29,555)	(31,935)	(35,894)	(88)	(97,472)	761	184,062

* 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.

Main changes between years	£'000
Rebased Net Budget 2019/20	171,456
Growth / Pressures	4,818
Inflation	6,849
Savings	(248)
Pay Award	1,213
Tfrs between depts	(26)
Departmental Estimate 2020/21	184,062

Revenue Budgets - Public Health

2019/20 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
4,363	Health Improvement Services	12	-	-	84	4,771	-	4,867	-	-	-	-	-	-	4,867
6,101	Drug & Alcohol Services	-	-	-	-	6,101	-	6,101	-	-	-	-	-	-	6,101
4,160	Sexual Health Services	-	-	-	30	4,058	-	4,088	-	-	-	-	-	50	4,138
8,769	Health Visiting and School Nursing	-	-	-	-	8,769	-	8,769	-	-	-	-	-	-	8,769
778	NHS Health Checks	-	-	-	-	898	-	898	-	-	-	-	-	-	898
(24,171)	Management support and Public Health programmes	2,183	-	16	43	141	-	2,383	(26,816)	-	-	(607)	(27,423)	267	(24,773)
- Total		2,195	-	16	157	24,738	-	27,106	(26,816)	-	-	(607)	(27,423)	317	-

Main changes between years		£'000
Rebased Net Budget 2019/20		-
Growth / Pressures		-
Inflation		-
Savings		-
Pay Award		-
Tfrs between depts		-
Departmental Estimate 2020/21		-

Revenue Budgets - Business Services / Orbis

2019/20 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
1,157 Finance	363	825	24	985	7	-	2,204	(230)	(2)	(4)	(13)	(249)	(1,408)	547
3,238 IT & Digital	(290)	39	1	6,241	-	-	5,991	(122)	(1,473)	(41)	-	(1,636)	(779)	3,576
(155) HR & Organisational Development	113	-	2	273	-	6	394	(61)	-	(302)	(31)	(394)	-	-
(80) Procurement	-	-	-	-	-	-	-	-	-	-	-	-	(80)	(80)
5,181 Property	2,485	10,689	55	11,800	1,913	5	26,947	(1,782)	(1,435)	(8,478)	(28)	(11,723)	(7,393)	7,831
13,886 Contribution to Orbis Partnership	-	-	-	11,649	-	-	11,649	-	-	-	-	-	-	11,649
23,227 Total	2,671	11,553	82	30,948	1,920	11	47,185	(2,195)	(2,910)	(8,825)	(72)	(14,002)	(9,660)	23,523

Main changes between years	£'000
Rebased Net Budget 2019/20	23,227
Growth / Pressures	333
Inflation	468
Savings	(1,161)
Pay Award	482
Tfrs between depts	174
Departmental Estimate 2020/21	23,523

Revenue Budgets - Children's Services

Page 51

2019/20 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														
999 Policy Support & Commissioned Services	2,556	-	10	118	710	-	3,394	(2,348)	(150)	-	-	(2,498)	236	1,132
5,535 Early Help Keywork and Children's Centres	6,710	327	118	811	99	-	8,065	(148)	(1,596)	(214)	-	(1,958)	(59)	6,048
12,248 Locality Social Work & Family Assessment	8,734	-	221	361	3,672	-	12,988	-	(262)	-	-	(262)	29	12,755
26,371 Looked After Children	11,371	151	596	2,043	22,692	153	37,006	(1,871)	(405)	(1,928)	(157)	(4,361)	173	32,818
2,493 Other Children & Families	1,629	58	87	46	3,300	-	5,120	(1,580)	(409)	-	-	(1,989)	(214)	2,917
550 Youth Justice	1,181	28	32	27	319	-	1,587	(609)	(281)	-	-	(890)	-	697
48,196 Subtotal	32,181	564	1,064	3,406	30,792	153	68,160	(6,556)	(3,103)	(2,142)	(157)	(11,958)	165	56,367
Education & ISEND														
9,319 ISEND	15,189	92	319	4,234	33,617	-	53,451	(40,066)	(148)	(663)	-	(40,877)	(858)	11,716
2,684 Standards & Learning Effectiveness	3,787	-	59	24,164	511	-	28,521	(25,904)	(1,287)	(264)	-	(27,455)	1,715	2,781
281 Other Education	214	-	-	521	-	-	735	(454)	-	-	-	(454)	-	281
12,284 Subtotal	19,190	92	378	28,919	34,128	-	82,707	(66,424)	(1,435)	(927)	-	(68,786)	857	14,778
- Schools	127,664	10,553	59	8,613	1,125	-	148,014	(177,826)	20,619	-	(200)	(157,407)	9,393	-
Management & Support														
12,772 Admissions & Transport	425	-	7	101	2	-	535	(1,061)	-	(18)	-	(1,079)	13,879	13,335
2,718 Management & Support	4,704	21	23	2,862	97	-	7,707	(3,099)	(152)	(432)	(73)	(3,756)	(964)	2,987
1,344 Safeguarding	1,281	-	33	137	2	-	1,453	-	(99)	(8)	-	(107)	15	1,361
16,834 Subtotal	6,410	21	63	3,100	101	-	9,695	(4,160)	(251)	(458)	(73)	(4,942)	12,930	17,683
77,314 Total	185,445	11,230	1,564	44,038	66,146	153	308,576	(254,966)	15,830	(3,527)	(430)	(243,093)	23,345	88,828

Main changes between years		£'000
Rebased Net Budget 2019/20		77,314
Growth / Pressures		9,108
Inflation		1,880
Savings		(540)
Pay Award		1,207
Tfrs between depts		(141)
Departmental Estimate 2020/21		88,828

Revenue Budgets - Communities, Economy & Transport

2019/20 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														
(209) Registration	1,351	93	33	71	-	-	1,548	-	(5)	(1,721)	-	(1,726)	-	(178)
724 Road Safety	842	8	35	122	-	-	1,007	(118)	(95)	(72)	-	(285)	(12)	710
659 Trading Standards	859	-	10	79	-	-	948	-	(165)	(46)	(44)	(255)	4	697
72 Travellers Sites	208	70	5	15	-	-	298	-	(100)	(115)	(7)	(222)	2	78
220 Emergency Planning	335	-	3	14	-	-	352	-	(123)	(1)	-	(124)	-	228
1,466 Subtotal	3,595	171	86	301	-	-	4,153	(118)	(488)	(1,955)	(51)	(2,612)	(6)	1,535
Customer & Library Services														
4,013 Libraries	2,715	1,212	44	999	-	3	4,973	(202)	(107)	(264)	(99)	(672)	(218)	4,083
792 Archives & Record	507	587	4	870	-	-	1,968	-	(1,042)	(96)	(103)	(1,241)	5	732
199 Customer Care	215	-	1	53	-	-	269	-	-	-	(43)	(43)	-	226
5,004 Subtotal	3,437	1,799	49	1,922	-	3	7,210	(202)	(1,149)	(360)	(245)	(1,956)	(213)	5,041
Transport & Operational Services														
7,772 Passenger Services	-	-	-	10,124	-	-	10,124	(426)	(155)	(34)	(26)	(641)	(2,598)	6,885
(1) Home to School and ASC Transport	108	-	12,775	1,210	-	-	14,093	(17)	(10)	(86)	-	(113)	(13,980)	-
(265) Parking	751	-	3	3,222	96	330	4,402	-	(250)	(6,719)	(526)	(7,495)	2,830	(263)
28,287 Waste Disposal	365	383	13	47,506	188	-	48,455	(2,996)	(13,694)	(2,982)	-	(19,672)	2	28,785
724 Rights of Way/Countryside Management	770	129	41	256	3	-	1,199	-	(95)	(434)	-	(529)	9	679
345 Other Transport & Operational Services	795	7	625	190	-	48	1,665	-	-	(289)	(155)	(444)	(887)	334
36,862 Subtotal	2,789	519	13,457	62,508	287	378	79,938	(3,439)	(14,204)	(10,544)	(707)	(28,894)	(14,624)	36,420

Revenue Budgets - Communities, Economy & Transport

2019/20 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
Highways														
2,111 Contract Management	858	-	9	409	-	655	1,931	-	-	-	-	-	4	1,935
11,042 Contract Costs (fixed & reactive)	-	1,384	-	11,974	-	-	13,358	-	-	(2,230)	-	(2,230)	-	11,128
327 Non Contract Works	-	50	-	234	188	-	472	-	(232)	-	-	(232)	-	240
13,480 Subtotal	858	1,434	9	12,617	188	655	15,761	-	(232)	(2,230)	-	(2,462)	4	13,303
Planning & Environment														
227 Environment	373	70	4	84	-	-	531	-	-	(223)	(43)	(266)	-	265
583 Planning	1,310	-	27	279	-	-	1,616	(48)	(66)	(864)	(26)	(1,004)	12	624
- High Weald	328	23	7	344	-	-	702	(294)	(444)	-	-	(738)	35	(1)
810 Subtotal	2,011	93	38	707	-	-	2,849	(342)	(510)	(1,087)	(69)	(2,008)	47	888
Economic Development Skills and Growth														
1,160	1,313	55	22	1,169	26	-	2,585	(566)	(418)	(315)	(192)	(1,491)	86	1,180
Management & Support														
2,844	1,894	-	29	168	22	1,450	3,563	-	(643)	-	-	(643)	(22)	2,898
61,626 Total	15,897	4,071	13,690	79,392	523	2,486	116,059	(4,667)	(17,644)	(16,491)	(1,264)	(40,066)	(14,728)	61,265

Main changes between years	£'000
Rebased Net Budget 2019/20	61,626
Growth / Pressures	(32)
Inflation	643
Savings	(1,344)
Pay Award	377
Tfns between depts	(5)
Departmental Estimate 2020/21	61,265

Revenue Budgets - Governance Services

2019/20 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
2,639 Corporate Governance	1,570	2	40	1,137	8	-	2,757	-	(27)	(3)	-	(30)	(32)	2,695
Corporate Support														
976 Communications	1,058	-	3	43	-	-	1,104	(53)	(47)	(2)	-	(102)	(3)	999
1,724 Legal	1,914	-	10	134	-	-	2,058	-	(114)	(175)	-	(289)	-	1,769
2,700 Subtotal	2,972	-	13	177	-	-	3,162	(53)	(161)	(177)	-	(391)	(3)	2,768
Community Services														
956 Coroners	275	315	4	412	-	-	1,006	-	(11)	-	-	(11)	-	995
546 Third Sector	72	-	1	-	904	-	977	(307)	(123)	-	-	(430)	-	547
1,502 Subtotal	347	315	5	412	904	-	1,983	(307)	(134)	-	-	(441)	-	1,542
Senior Management & Organisational Development														
525	154	-	2	371	-	-	527	-	-	-	-	-	-	527
7,366 Total	5,043	317	60	2,097	912	-	8,429	(360)	(322)	(180)	-	(862)	(35)	7,532

Page 54

Main changes between years	£'000
Rebased Net Budget 2019/20	7,366
Growth / Pressures	33
Inflation	-
Savings	-
Pay Award	135
Tfrs between depts	(2)
Departmental Estimate 2020/21	7,532

Capital programme to 2029/30

Introduction

The 10-year planned capital programme supports the Council's 30-year plans to support its target led basic needs services in the delivery of the priority outcomes to 2029/30. 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 strategic investment.

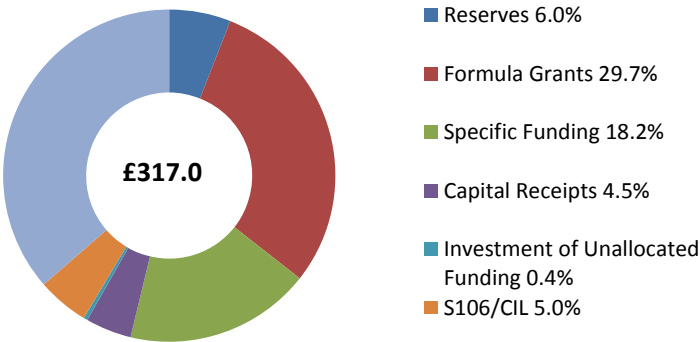
The proposed programme includes:

- 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; and
- Investment in energy efficiency technologies.

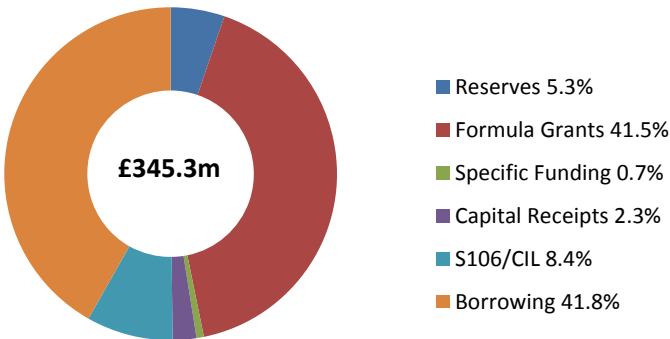
An estimated 36% (£237.7m) will be funded from Government grants, with 9% (£60.1m) funded from scheme-specific income, requiring the remainder (£364.5m) funded locally through borrowing, capital receipts and use of reserves set aside for a specific purpose.

Total Programme of £662.3m comprising:

MTFP Programme to 2022/23



Programme 2023/24 to 2029/30



Capital programme - current programme and resources

Capital Programme	2019/20	2020/21	2021/22	2022/23	2019-23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Remaining
	MTFP Period				Programme Total								Budget Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Care	2,018	1,144	50	50	3,262								3,262
Business Services	37,000	41,023	25,180	33,760	136,963	24,760	20,893	24,343	19,578	22,241	17,982	16,178	282,938
Children's Services	1,748	856	810	779	4,193								4,193
Communities, Economy & Transport	58,829	57,433	32,849	23,447	172,558	26,409	26,968	27,557	28,360	29,124	30,404	30,560	371,941
Gross Expenditure by Department	99,595	100,456	58,889	58,036	316,976	51,169	47,861	51,900	47,938	51,365	48,386	46,738	662,334
S106	(4,802)	(5,620)	(1,727)	(1,897)	(14,046)								(14,046)
Community Infrastructure Levy	(1,600)	(300)			(1,900)								(1,900)
Other Specific Funding	(24,235)	(25,144)	(4,679)	(2,384)	(56,442)	(370)	(371)	(350)	(350)	(350)	(350)	(350)	(58,933)
Net Expenditure	68,958	69,392	52,483	53,755	244,588	50,799	47,490	51,550	47,588	51,015	48,036	46,388	587,455
Current Funding Assumptions	2019/20	2020/21	2021/22	2022/23	2019-23	2023-30	Total						
	MTFP Period				Programme Total	Programme Total	Resource						
		£'000	£'000	£'000	£'000	£'000	£'000	£'000					
Capital Receipts	3,122	2,915	3,260	4,945	14,242	8,000	22,242						
Formula Grants	37,605	17,854	17,251	21,551	94,261	143,403	237,664						
Stop Contributions Target						5,000	5,000						
Community Infrastructure Levy Target						24,000	24,000						
Investment of Unallocated Funding		1,242			1,242		1,242						
New Homes Bonus		767			767		767						
Reserves - capital and set aside	5,851	5,368	3,894	3,092	18,205	18,141	36,346						
Borrowing	24,950	38,676	28,078	24,167	115,871	144,323	260,194						
	71,528	66,822	52,483	53,755	244,588	342,867	587,455						

Capital programme - Adult Social Care

Adult Social Care	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Remaining Budget Total
	MTFP Period											
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Specific Projects:												
Greenacres	2,018	1,094										3,112
House Adaptations		50	50	50								150
Gross Expenditure	2,018	1,144	50	50	0	0	0	0	0	0	0	3,262
S106												
Community Infrastructure Levy												
Other Specific Funding	(920)											(920)
Net Expenditure	1,098	1,144	50	50	0	0	0	0	0	0	0	2,342

Capital programme - Business Services

Business Services	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Remaining Budget Total
	MTFP Period											
	£'000	£'000	£'000	£'000								
Target led basic need:												
Schools Basic Need (delivered on behalf of CSD)	17,431	21,511	11,641	12,248	6,650	10,525	12,025	6,275	3,400	2,600	2,400	106,706
Capital Building Improvements	7,140	9,361	7,982	7,982	7,982	7,982	7,982	7,982	7,982	7,982	7,982	88,339
IT & Digital Strategy Implementation	5,132	5,378	4,251	11,580	8,978	2,036	3,986	4,971	10,509	7,050	5,446	69,317
Specific Projects:												
Lansdowne Secure Unit Phase 2	6,343	607	96									7,046
Energy Efficiency - SALIX scheme	283	440	350	350	350	350	350	350	350	350	350	3,873
Special Educational Needs			800	1,600	800							3,200
Specialist Provision in Secondary Schools	350	2,175	60									2,585
Disability Children's Homes		242										242
Westfield Lane (delivered on behalf of CSD)		1,200										1,200
Property Agile Works	286	109										395
Early Years Nurseries	35											35
Gross Expenditure	37,000	41,023	25,180	33,760	24,760	20,893	24,343	19,578	22,241	17,982	16,178	282,938
S106	(4,611)	(4,720)	(1,727)	(1,853)								(12,911)
Community Infrastructure Levy	(1,600)											(1,600)
Other Specific Funding	(6,515)	(953)	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(10,618)
Net Expenditure	24,274	35,350	23,103	31,557	24,410	20,543	23,993	19,228	21,891	17,632	15,828	257,809

Capital programme - Children's Services

Children's Services	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Remaining Budget Total
	MTFP Period											
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Target led basic need:												
Schools Delegated Capital	1,370	791	760	729								3,650
Specific Projects:												
House Adaptations	67	50	50	50								217
Conquest Centre redevelopment	311	15										326
Gross Expenditure	1,748	856	810	779	0	0	0	0	0	0	0	4,193
S106												
Community Infrastructure Levy												
Other Specific Funding	(837)	(791)	(760)	(729)								(3,117)
Net Expenditure	911	65	50	50	0	0	0	0	0	0	0	1,076

Capital programme - Communities, Economy & Transport

[illegible]

Capital programme - Communities, Economy & Transport

Communities, Economy & Transport	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Remaining Budget Total
	MTFP Period											
	£'000	£'000	£'000	£'000								
Hailsham/Polegate/Eastbourne Movement & Access Corridor	679	1,203										1,882
Other Integrated Transport Schemes	1,453	3,235	2,969	2,969	3,069	3,019	3,019	3,019	3,019	3,019	3,019	31,809
The Keep		24	73	49	96	26		85	110	628		1,091
Library Refurbishment	539	763	169	526	449	449	449	449	449	449	449	5,140
Newhaven Port Access Road	13,143	3,515	170	20	20	21						16,889
Real Time Passenger Information	127	189		44	60	61						481
Parking Ticket Machine Renewal	559											559
Queensway Depot Development (Formerly Eastern)	500	1,138										1,638
Registration Ceremonies Website	7											7
Terminus Road Improvements	2,995	250										3,245
Gross Expenditure	58,829	57,433	32,849	23,447	26,409	26,968	27,557	28,360	29,124	30,404	30,560	371,941
S106	(191)	(900)		(44)								(1,135)
Community Infrastructure Levy		(300)										(300)
Other Specific Funding	(15,963)	(23,400)	(3,569)	(1,305)	(20)	(21)						(44,278)
Net Expenditure	42,675	32,833	29,280	22,098	26,389	26,947	27,557	28,360	29,124	30,404	30,560	326,228

Reserve Balances

	Anticipated Balance 1st Apr 2020 £'000	Net planned Movements 2020/21 £'000	Anticipated Balance 31st Mar 2021 £'000	Estimated Balance 31st Mar 2024 £'000
Held on behalf of others or statutorily ringfenced				
Balances held by Schools	13,655	0	13,655	13,655
Extended Schools	1,929	0	1,929	1,929
Schools Supply Teacher Insurance	335	0	335	0
Schools	15,919	0	15,919	15,584
Public Health	3,016	(607)	2,409	2,409
On Street Car Parking	1,515	(405)	1,110	843
EU Exit Funding	571	0	571	569
ACRES (Adult College of Rural East Sussex)	422	0	422	422
The Keep - Archive Service	476	(24)	452	237
High Weald	164	0	164	164
Sussex Air Quality Partnership	39	(38)	1	0
Lewes Athletics Track	30	0	30	30
Subtotal held on behalf of others or statutorily ringfenced	22,153	(1,074)	21,079	20,259
Service-Specific Reserves:				
Corporate Waste	14,613	0	14,613	9,732
Capital Programme	9,214	(1,476)	7,738	5,756
Insurance Risk	5,449	0	5,449	5,449
Total Named Service Reserves	29,275	(1,476)	27,799	20,936
Strategic Reserves:				
Priority Outcomes and Transformation reserve: to fund the transformation programme to change, protect and improve Council services	6,340	(1,079)	5,260	4,086
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	34,569	(397)	34,172	22,502
Total Strategic Reserves	40,909	(1,476)	39,432	26,588
General Fund	10,000	0	10,000	10,000
Total Reserves	102,337	(4,026)	98,310	77,783

This table provides a summary of planned movements in and out of the individual reserves over the financial year 2020/21.

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.

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East Sussex County Council - Savings 2020/21 to 2021/22

	2020/21 £'000	2021/22 £'000	Total £'000
Communities, Economy & Transport	1,362	629	1,991
Children's Services	770	1,835	2,605
Adult Social Care	248	0	248
Business Services / Orbis	1,161	787	1,948
Total Departments	3,541	3,251	6,792

As presented in the MTFP (£m):

Savings 2020/21 to 2021/22	4.227	2.953	7.180
Temporary mitigation of savings (Appendix 5)	(0.686)	0.298	(0.388)
	3.541	3.251	6.792

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Communities, Economy & Transport

East Sussex County Council - Savings 2020/21 to 2021/22		Gross budget	Net budget	Savings			Protected characteristics									
		2018/19	2018/19	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										
Environmental Advice Services	Income generation through traded services. [2nd year of savings]	1,631	420	25	35	60										y
Ashdown Forest	Reduce financial support to conservators where possible. [2nd year of savings]	131	61	30	0	30										y
TOTAL Communities, Economy & Transport				1,362	629	1,991										

Children's Services

East Sussex County Council - Savings 2020/21 to 2021/22		Gross budget	Net budget	Savings			Protected characteristics								
		2018/19	2018/19	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									
Support to schools and pupils															
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. [2nd year of savings]	3,993	2,112	410	0	410	-								
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 and reduce the proportion of annual reviews we attend.	28,597	862	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	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	85	0	85	-	-							

Children's Services

East Sussex County Council - Savings 2020/21 to 2021/22		Gross budget	Net budget	Savings			Protected characteristics								
		2018/19	2018/19	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									
Children's Social Care															
Safeguarding Services	The ACT service, 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 will continue alongside existing activity levels for 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 deferment of savings in 2020/21 means the Family Group Conferences/family meetings when children are subject to child protection plans will continue and be expanded, subject to the budget being agreed. These services will be reduced if savings are made in later years.	44,026	38,105	0	854	854	-								
Early Help	Following Lead Member decisions and remodelling the Early Help Service, there will be a reduction in the family key work service, which has been deferred until 2021/22. Savings will be generated in 2020/21 as a result of ceasing to run services from 10 children's centres.	9,592	5,652	68	981	1,049	-		-	-		-			
TOTAL Children's Services				770	1,835	2,605									

Adult Social Care

East Sussex County Council - Savings 2020/21 to 2021/22		Gross budget	Net budget	Savings			Protected characteristics									
		2018/19	2018/19	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										
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. [2nd year of savings]	62,332	49,031	248	0	248	-	-	+/-	+/-	+/-	+/-	+/-	+/-		
TOTAL Adult Social Care				248	0	248										

Business Services / Orbis

East Sussex County Council - Savings 2020/21 to 2021/22		Gross budget	Net budget	Savings			Protected characteristics									
		2018/19	2018/19	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										
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. [2nd year of savings]	47,534	22,270	1,161	787	1,948										y
TOTAL Business Services / Orbis				1,161	787	1,948										

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Appendix 4 - 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.

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Investment of Unallocated Funding

- 1.1 In November 2019 the updated MTFP was presented at Cabinet, along with options for the investment of unallocated funding in 2020/21 and beyond.
- 1.2 Scrutiny Committees have considered potential use of the available unallocated funding and their views are set out in appendix 8.
- 1.3 Table 1 shows the investments that have been incorporated within the MTFP and budget.

Table 1: Investment of Unallocated Funding – included in MTFP

Description	Ref	£m			
		2020/21	2021/22	2022/23	Total
Temporary mitigations to savings:					
CSD - total Safeguarding savings	A	0.586			0.586
CET - part of Libraries savings	B		0.288		0.288
CET Trading Standards saving	C	0.100	0.100		0.200
Subtotal temporary mitigations to savings		0.686	0.388	0.000	1.074
Revenue schemes:					
ASC/CS - Accommodation and Floating Support	D	0.978	0.582	0.160	1.720
Year 3 funded from savings				(0.160)	(0.160)
CS - No Wrong Door	E	1.125	1.125	1.125	3.375
Year 3 funded from savings				(1.125)	(1.125)
CS - Family Group Conferencing expansion	F	0.350			0.350
Subtotal revenue schemes		2.453	1.707	0.000	4.160
Capital schemes:					
CS - Disability Children's Homes	G	0.242			0.242
CET - Highways Works Programme Management (to include dropped kerbs, patching and other areas of highways maintenance)	H	1.000			1.000
Subtotal capital schemes		1.242	0.000	0.000	1.242
TOTAL		4.381	2.095	0.000	6.476

- 1.4 In relation to the remaining revenue projects shown at Table 2, provision may be made for them within the Priority Outcomes and Transformation Reserve, following business cases identifying benefits, in line with the County Council's constitution. Table 3 shows the schemes that are not recommended to be progressed.

Table 2: Future Investment from Reserve – subject to business case

Description	Ref	£m			
		2020/21	2021/22	2022/23	Total
Revenue schemes					
ASC - Assessment & Care Management journey	I	0.226	0.226		0.452
ASC - Behavioural Insight	J	0.250	0.250		0.500
ASC - Bedded Care	K	0.359	0.300	0.196	0.855
ASC - Home Care Commissioning	L	0.110			0.110
ASC/CS - IT Care Management System (LiquidLogic)	M	0.165	0.048	0.048	0.261
Total		1.110	0.824	0.244	2.178

Table 3: Not recommended to be progressed

Description	Ref	£m			
		2020/21	2021/22	2022/23	Total
Capital schemes					
CET - Economic Development	N	1.000			1.000
CET - Highways Works Programme Management	H	1.000			1.000
Total		2.000	0.000	0.000	2.000

1.5 A brief description of each project is provided below:

A CS reprofile of safeguarding savings (£0.586m in 2020/21)

Reprofile the entirety of Safeguarding savings from 2020/21 to 2021/22. This will allow a more cost effective response and a greater capacity to manage demand, and mean fewer children will become subject to Child Protection Plans or not enter (or stay for less time in) the care system.

B CET reprofile of libraries savings (£0.288m in 2021/22)

Reprofile part of the Libraries savings (£0.288m out of £0.528m) from 2021/22 to 2022/23. This would still deliver £0.240m of planned savings in 2021/22, to allow for a comprehensive review of the strategic library commissioning strategy and allow a phased approach to the review of options in respect of the Ropemaker Park lease.

C CET reprofile of trading standards savings (£0.100m in 2020/21 and 2021/22)

Defer Trading Standards savings by two years from 2020/21 to 2022/23. Although this was not included in the options put forward in November, the agreement of the Brexit Withdrawal Bill by the House of Commons and the negotiations of new trading arrangements over the course of the year will mean that businesses may need support in moving to a new regulatory framework and could mean additional responsibilities for council Trading Standards services in future. It would therefore be prudent to keep the small capacity we have until the implications of Brexit and new trading arrangements are clear.

NB: the savings table below has been revised for A to C (noting that the previously submitted option to slip Early Help savings has already been approved by Cabinet and is also reflected):

	Revised Savings			
	2020/21	2021/22	Total	2022/23
	£m	£m	£m	£m
<i>Communities, Economy & Transport</i>	1.362	0.629	1.991	0.388
<i>Children's Services</i>	0.770	1.835	2.605	
<i>Adult Social Care</i>	0.248		0.248	
<i>Business Services / Orbis</i>	1.161	0.787	1.948	
Total Departments	3.541	3.251	6.792	0.388

D ASC/CS Accommodation and Floating Support (£0.978m, £0.582m in 2020/21, 2021/22 respectively)

A project to test alternative referral and access routes into floating and accommodation based support to ensure the service model is fit for purpose; meeting the needs of the people the service is designed to support and to establish links / protocols with other pathways (e.g. Rough Sleeping Initiative). This would mitigate demand and provide more appropriate and effective signposting and support for people who are currently presenting to floating support services and District and Borough Housing services, with complex needs, and/or who are at risk of homelessness.

This investment will enable ASC/CS to test new models of service delivery and evaluate their effectiveness prior to producing the future specification and contracts for these services. The models that will be tested will aim to improve the efficiency and effectiveness of accommodation pathways for people with complex needs, including how they are supported to move-on into general needs housing, with reduced reliance on Adult Social Care.

The additional requirement in 2022/23 of £0.160m is expected to be funded via savings from this scheme.

E CS No Wrong Door (£2.250m over the two years to 2021/22)

Investment in a No Wrong Door (NWD) model – an innovative model developed by North Yorkshire CC to work with adolescents experiencing complex challenges with an innovative multi-agency “hub” at the heart of the service. This would use short-term placements and edge of care support (in and out of care) and a range of services, support and accommodation options always progressing to permanence where young people’s aspirations drive practice. If the model is successful it would become part of Core Services and would therefore be an ongoing cost, offset by savings; the full impact will be modelled should this option be taken forwards.

The additional requirement in 2022/23 of £1.125m is expected to be funded via savings from this scheme.

F CS Family Group Conferencing expansion (£0.350m in 2020/21)

Investment to expand the existing Family Group Conferencing (FGC) service to Children in Need (CiN) which is the most cost effective way to reduce risks and the likelihood of children being placed on CP plans or becoming LAC, and as a result reducing social care costs. The investment is expected to deliver non-cashable efficiency savings of £1.224m from 2021/22 resulting from reductions in Social Worker caseloads.

G CS Disability Children’s Homes (£0.242m in 2020/21)

Investment to remodel the Children’s Disabilities Children’s Homes to create additional capacity and reduce the costs of residential care placements in the independent sector by keeping more children in local provision within the county. This would create extra 3 beds and provide greater options for keeping children within local provision, minimising existing and onward costs and

delivering better outcomes for them in the longer term. It is expected to achieve net savings of £0.352m p.a. from 2020/21 to offset service pressures.

H CET Highways Works Programme Management (£2.000m in 2020/21, £1.000m recommended for approval)

A contribution towards the agreed basic need investment to be funded in the Capital Programme for Highways Works Programme Management in order to achieve agreed condition targets. £2.000m was proposed, with £1.000m now included in the MTFP, which would fund works including drop kerbs, patching and other areas of highways maintenance. It is not recommended to progress the other £1.000m.

I ASC Assessment & Care Management journey (£0.452m over two years from 2020/21)

Proposal to speed up work to make it easier for clients to get information and services via the internet and improve the systems used by ASC which will lead to people getting help faster, fewer people entering the social care system and more efficient use of staff capacity.

J ASC Behavioural Insight (£0.500m over two years from 2020/21)

Proposal to implement a behavioural insight project across the health and social care system to identify areas of focus and efficiency in: single health and social care economy, processes, systems, communications and Public Health interventions. This would deliver reduced demand entering the system, improved flows within the system, improved outcomes for residents in the health and social care system and reduced late/non-payment of debt.

K ASC Bedded Care (£0.359m, £0.300m, £0.196m in 2020/21, 2021/22, 2022/23 respectively)

Investment in the Bedded Care Team to increase brokerage capacity to purchase residential and nursing beds for ASC and the NHS. Also requested is investment in programme and project support to manage the work. This would facilitate a more efficient use of resources and timely hospital discharge.

The resources will increase capacity to ensure patients are able to be discharged from hospital in a timely way. Improving our contract management arrangements will also ensure we are able to purchase beds from the market to better meet changing demands and needs.

Increasing brokerage capacity within the bedded care team will have a direct and positive impact on patient flow out of hospital. Securing appropriate bedded care placements within a community setting to enable timely hospital discharge reduces the length of stay in hospital beds. This releases hospital bed capacity which is generally more costly than community based care and also ensures people are not staying longer in hospital than is necessary, which is often detrimental to people who are frail and elderly. The estimated cost to healthcare providers of one non-elective admission is £1,609 per admission and the cost of one excess bed day is £346 per day (£2,422 per week). The brokerage team ensure we take a consistent, whole system approach to purchasing beds.

L ASC Home Care Commissioning (£0.110m in 2020/21)

A project to work with providers to test different ways of working alongside the current core home care business model. The four areas to be tested are; complex cases, reviews, hospital discharge and Occupational Therapy involvement, with the aim to support people to live independently at home and reduce admissions to care homes. The learning will inform development of the service specification for the new contract.

The Home Care recommissioning work has commenced. The investment will enable ASC to test out new ways of working, including an outcomes based approach.

Best practice theory promotes outcomes-based commissioning, specifically in terms of reducing ongoing reliance on services and therefore reducing overall demand over time. This will directly and positively impact on Community Care budget spend.

M ASC/CS IT Care Management System (£0.165m in 2020/21 and £0.048m in each of 2021/22 and 2022/23)

Investment to use the existing framework agreement with Liquidlogic (who supply ASC & CS case management system) to procure and implement the software called the 'Delegation Portal', for both ASC & CS. Funding is sought for a three-year period to determine the effectiveness of the portal; any recurrent costs beyond 2022/23 will be funded through social work force efficiencies.

This would give both ASC & CS the ability to electronically obtain multi-agency contributions from external professionals and providers into operational practice forms, which could save staff time in collating this information from professionals/providers, improve data quality /integrity and help manage the demand (e.g. in ASC reviews could be delegated from operational staff to care providers/other professionals to complete, rather than ASC staff doing this activity).

If the project progressed with just the ASC element, the costs would be reduced to £0.083m, £0.024m and £0.024m.

It is likely that in practice there could be efficiency savings of £0.010m-£0.050m p.a. from 2021/22 enabling a better core offer to be delivered from within existing resources, rather than cashable savings realised by reducing staffing levels.

N CET Economic Development (£1.000m supplement in 2020/21)

The East Sussex Economic Intervention Fund (EIF), which consists of the ESInvest Business Grants and Loans fund, Stalled sites fund, upgrading empty properties and business incubation unit fund has been running for 6 years and directly addresses one of the four Council priorities: "driving sustainable economic growth" by supporting local businesses through capital investment to grow and create jobs. The overriding principle for economic intervention is that the Council does not borrow to fund grants or loans; the ambition is that this funding will be self-sustaining. Loan repayments being held in reserve to fund expenditure in future years and agreed through the RPPR process. Expenditure on these loans and grants will be included for the first three years of the programme in line with the MTFP period; the capital programme provides for £4.537m in this area, and therefore it is not recommended to be progressed. Any unused funding over the MTFP period will remain in reserve for use in future years as well as future repayments on loans.

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East Sussex County Council
Council Tax Precepts for 2020/21 (Draft)

	£	£	£
Gross Expenditure		831,228,000	
Income		427,791,000	
Net Budget			403,437,000
Business Rates & S31 Grants	19,136,000		
Business Rates Top Up	62,773,000		
Revenue Support Grant	3,548,000		
New Homes Bonus	767,000		
Social Care Grant	14,630,000		
Previous year's surpluses/(deficits)			
Collection Fund Adjustment	829,715		
Council Tax	879,096		
		102,562,811	
			102,562,811
Council Tax Requirement			300,874,189
Tax base (total equivalent Band D properties)			201,655.6
Basic council tax			1,492.02

Therefore Council Tax per Category of Dwelling:-

	Proportion of Basic Council Tax	£
Band A	6/9	994.68
Band B	7/9	1,160.46
Band C	8/9	1,326.24
Band D	9/9	1,492.02
Band E	11/9	1,823.58
Band F	13/9	2,155.14
Band G	15/9	2,486.70
Band H	18/9	2,984.04

Precept to Each Billing Authority

	No of band D equivalent dwellings	£
Eastbourne	34,848.6	51,994,808
Hastings	26,197.0	39,086,448
Lewes	36,811.2	54,923,047
Rother	38,124.6	56,882,666
Wealden	65,674.2	97,987,220
Total	201,655.6	300,874,189

Schedule of Instalments for payment from Districts & Boroughs

14 April 2020
21 May 2020
29 June 2020
04 August 2020
10 September 2020
16 October 2020
23 November 2020
04 January 2021
08 February 2021
16 March 2021

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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 the Council has access to fund risks and one-off pressures over a number of years. If the Council 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 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.
- 1.4 ESCC General Fund Balance and Earmarked Reserves are estimated to total £102.3m as at 1 April 2020: a small estimated reduction of £0.5m against the actual reserves at 1 April 2019 totalling £102.8m. Movements in year are:
- A net decrease of £1.9m in reserves held on behalf of others or statutorily ringfenced;
 - Waste reserve – an increase of £1.8m due to a top up arising from contractual negotiations and one off backdated income;
 - Capital reserve – a £1.3m reduction is reflective of the use of reserve to fund items of investment for which the Council would not want to borrow and consistent with the new capital strategy;
 - Insurance reserve – the outcome of the annual actuarial review is awaited however due to some significant claims in 2019/20 an initial provision to top up the reserve in year by a net £0.6m has been made (£1.0m from the financial management less an estimated draw of £0.4m).
 - Financial Management – a net increase of £2.2m, movements shown in Table 1 below.

Table 1: Movements in Financial Management Reserve 1 April 2019 to 1 April 2020

Description	Movement
Contribution in 2019/20 from one-off grant, updated business rates & collection fund	£5.6m
Reduction in the planned draw for redundancies	£(1.1)m
Mitigation of slipped Early Help savings	£(1.0)m
Transfer to the Insurance Reserve, ahead of actuarial review	£(1.0)m
A number of small reductions in planned draws, including for the Music Service, Academy conversions, Waste & Minerals Sites Plan and Ropemaker.	£(0.3)m
Total Movement	£2.2m

- Priority Outcomes and Transformation – a net reduction of £1.9m, movements shown in Table 2 below.

Table 2: Movements in Priority Outcomes and Transformation Reserve 1 April 2019 to 1 April 2020

Description	Movement
Modern Records Paper Storage	£0.2m
Lansdowne Secure Children's Home Extension	£(0.4)m
Modernising Back Office Systems (MBOS) and Property Asset Management System (PAMS)	£(0.4)m
Orbis planned support (as approved 2015/16)	£(0.3)m
Accountable Care development & delivery	£(0.2)m
Mobile phone refresh	£(0.2)m
Early Help Transformation Project	£(0.1)m
Employability and Skills Strategy - Helping teenagers to move from school into employment	£(0.1)m
Reductions of less than £0.1m in a number of other projects/schemes	£(0.4)m
Total Movement	£(1.9)m

- 1.5 The estimated balance at 31 March 2024 is now £77.8m. Of this £26.6m 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 3: Summary of Reserves

	At State of the County July 2019		Full Council February 2020	
	01.04.19 Actual £m	Estimated Balance at 31.03.23 £m	01.04.20 Estimate £m	Estimated Balance at 31.03.24 £m
Earmarked Reserves:				
Held on behalf of others or statutorily ringfenced	24.1	21.3	22.2	20.3
Named Service Reserves				
Waste Reserve	12.8	8.6	14.6	9.7
Capital Programme Reserve	10.5	0.0	9.2	5.8
Insurance Reserve	4.8	4.8	5.4	5.4
Subtotal named service reserves	28.1	13.4	29.2	20.9
Strategic Reserves				
Financial Management	32.4	24.7	34.6	22.5
Priority Outcomes and Transformation	8.2	4.4	6.3	4.1
Subtotal strategic reserves	40.6	29.1	40.9	26.6
Total Earmarked Reserves	92.8	63.8	92.3	67.8
General Fund Balance	10.0	10.0	10.0	10.0
TOTAL RESERVES	102.8	73.8	102.3	77.8

- 1.6 At 1 April 2020 the estimated Earmarked Reserves are as follows:-
- 1.7 **Held on behalf of others or statutorily ringfenced** amount to £22.2m – most significantly this comprises £13.7m schools balances which cannot legally be spent on ESCC activities, and ringfenced Public Health Reserve of £3.0m.
- 1.8 **Named Service Reserves** that are set aside to manage a specific financial risk, amount to £29.2m 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 recycle 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, that has a consequential increase in pressure on revenue budgets. The estimated balance at 31 March 2024 is now £5.8m; this now reflects a plan to draw on the reserve over the life of the capital programme in support of expenditure on the Economic Intervention Fund and House Adaptations.
 - Insurance Reserve – this is to fund insurance liabilities that have arisen over previous years, this represents the liability that the actuary estimates may become payable in 2020/21 and beyond.
- 1.9 **Strategic reserves** are as follows:-
- A Financial Management 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, including the risk of the pay award being over 2.5% (each additional 0.5% costs approx. £0.7m). It also enables wider management of the medium-term financial strategy and investment strategy.
 - The Priority Outcomes and Transformation reserve – to fund the transformation programme to change, protect and improve Council services.
- 1.10 There has been a movement overall on the strategic reserves since they were last reported; The balance at 31st March 2023 of the strategic reserves was estimated to be £29.1m at State of the County and is now estimated at £26.6m at 31st March 2024. The key movements in these balances are as follows:
- Priority Outcomes and Transformation reserve – a net reduction of £0.3m due to EU Exit Funding being moved into its own specific reserve under 'held on behalf of others or statutorily ring-fenced'.
 - Financial Management reserve – a net reduction of £2.2m, movements shown in Table 4 below.

Table 4: Movements in Financial Management Reserve

Description	Movement
Elections 2021/22: estimate based on May 2017 election costs uplifted for inflation.	£(0.9)m
Redundancy provision: update to estimated draw reflecting the core offer	£(0.3)m
Top-up the Insurance Reserve, awaiting the outcome of actuarial review	£(1.0)m
Estimated outturn position 2019/20 (subject to other Government announcements)	£0.0m
Total Movement	£(2.2)m

- 1.11 In the recent uncertain financial, economic and political times some councils have been close to collapse as they have grappled with the challenge of delivering services within a difficult financial landscape. That uncertainty is brought into sharp focus given the lack of clarity about what funding will be provided for councils beyond next year. The new Conservative Government's manifesto sets out a number of pledges, the financial impact of which is yet to be understood. It is essential that we maintain sufficient reserves to weather this period of uncertainty. 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 Summary at Appendix 3. The Chief Finance Officer Statement on Budget Robustness follows.

2.0 Chief Finance Officer Statement on the Budget Robustness

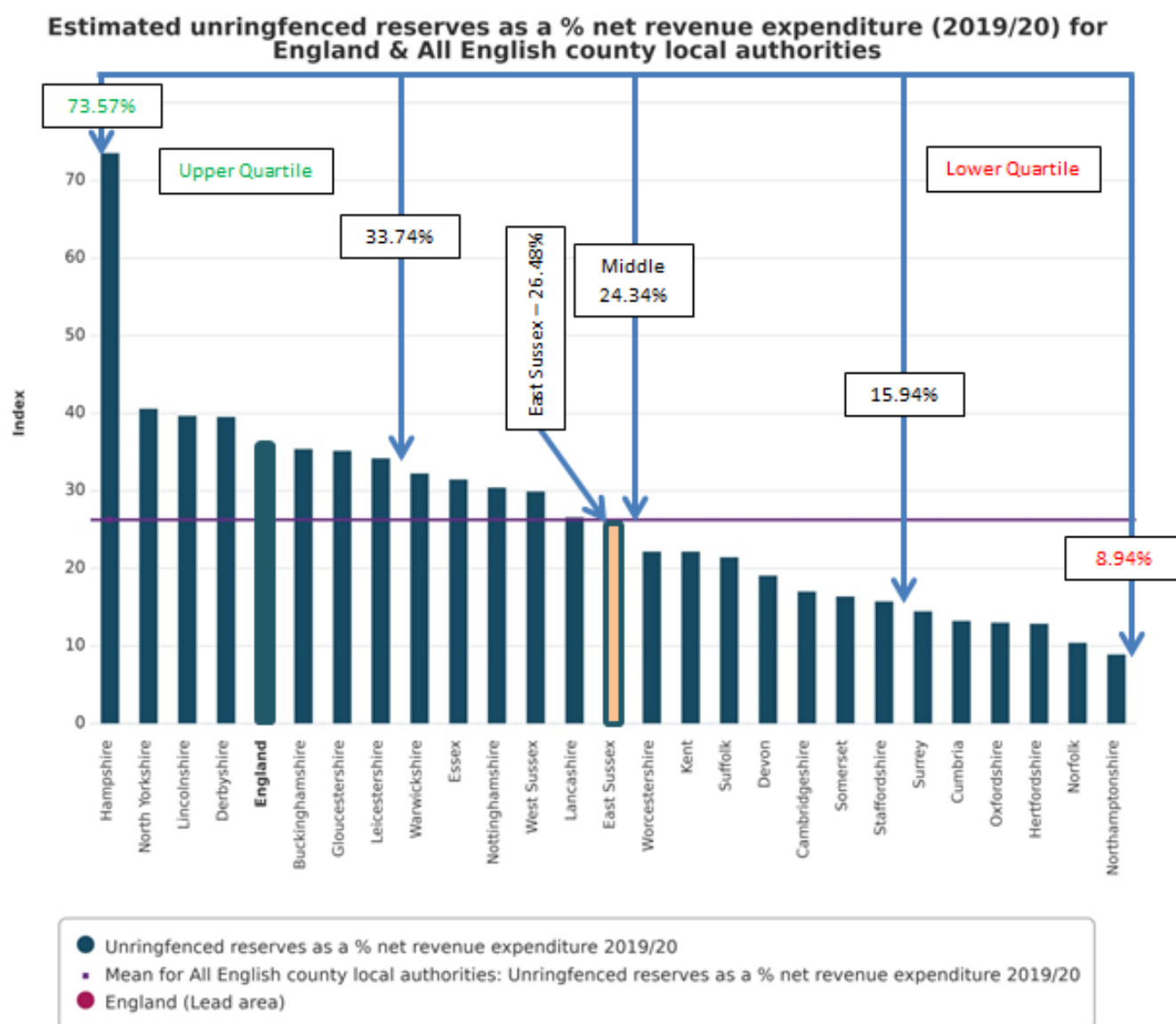
- 2.1 Section 25 of the Local Government Act 2003 places a statutory duty on the Chief Financial Officer (CFO) to review the Medium Term Financial Strategy and comment upon the robustness of the budget and the adequacy of the reserves to be held by the authority when it is making the statutory calculations 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 2020/21 budget proposal.

- 3.1 It is the opinion of the CFO that the draft budget for 2020/21 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 2020/21 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 2020/21 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 2020/21 is balanced, there are significant risks to the budget arising from the continued growth in social care (particularly within Children's Services) 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 £3.85m within the base revenue budget to cushion the impact of unexpected events and emergencies in year. 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 income to the Council which will help to protect services. Implementing the 2% Adult Social Care precept and the allowed 1.99% precept (before triggering referendum) 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. The strategic reserves of £26.6m 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 2018/19. The Council continues to be placed at 14th out of the 27 shire counties, with reserves slightly increased to 26.5%, from 25.1% last year, of net revenue expenditure. Even after applying estimated use in 2019/20 this would still see the county at 26.7% of net revenue expenditure.

Graph 1: Unringfenced Reserves as a % of Net Revenue Expenditure 2019/20

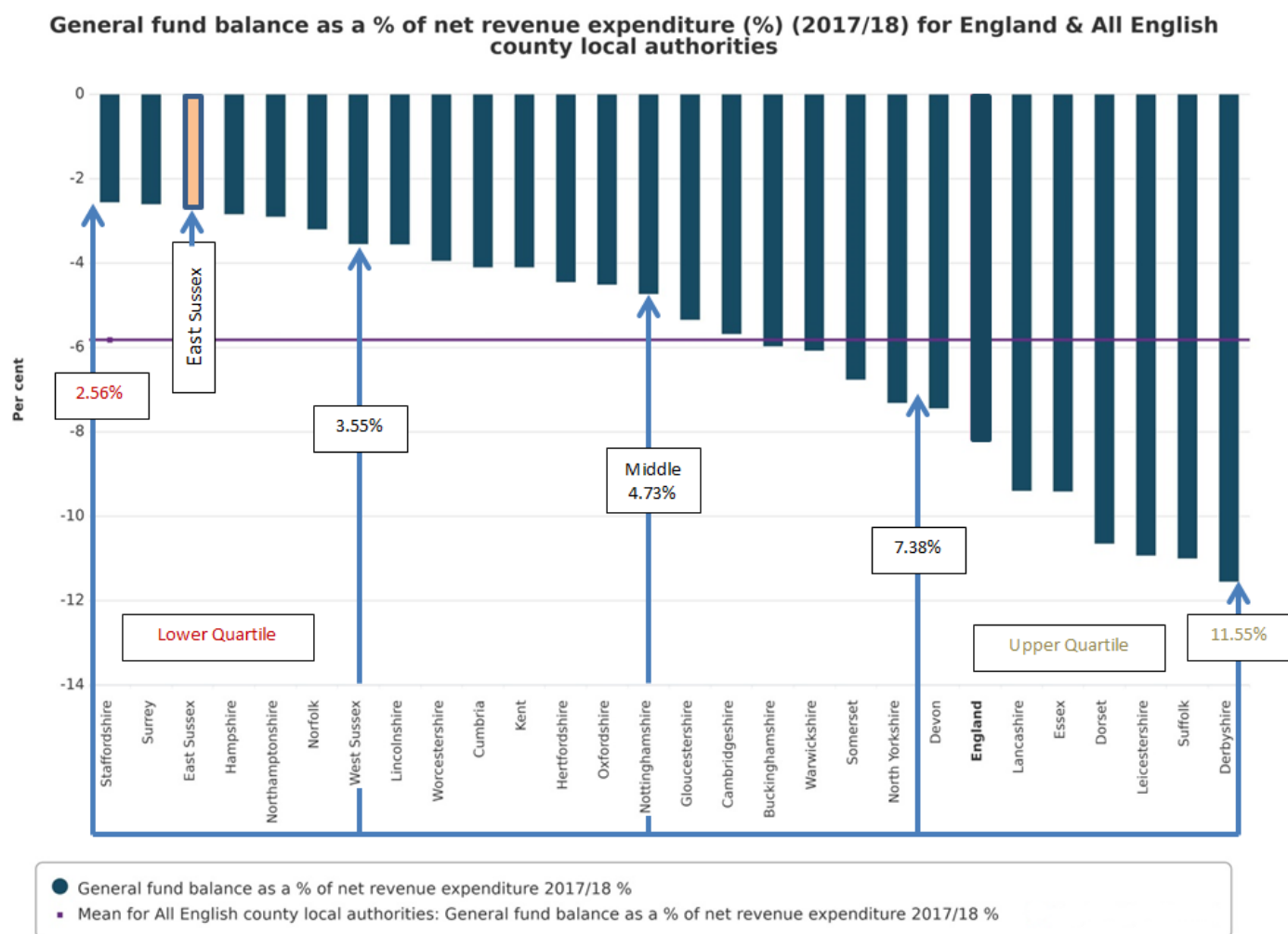


Source:
Local Government Association

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- 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 provided 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



Source:
Local Government Association

Powered by LG Inform

- 3.8 The challenge is to maintain an appropriate level of reserves, whilst also mitigating the pressures faced within the MTFP.
- 3.9 On 16th December the CIPFA resilience index was published, and at face value it suggests that East Sussex County Council is not as resilient as our analysis shows. The Council has a history of strong financial management that has stood us in good stead during austerity. The Council has always taken a longer term approach to financial planning and delivering savings whilst some other councils have done less well. The index from CIPFA merely reinforces these messages and there are no surprises in it. Of particular note is the indicator for fees and charges; it shows that the Council's fees and charges are 11.40% of total service expenditure. While this is only relative to other authorities' levels, it shows one of the highest and best performances of a county council. Over the last 4 years performance has improved in this area and the Council has moved from high risk to low risk, this reflects the focused work that has been done on fees and charges in recent years.
- 3.10 During the financial year, analysis has been undertaken to classify fees and charges into three categories:
1. No scope or discretion to set fees to fully recover costs (for example, if the fees & charges are statutory, pre-set or set within a framework, there is little opportunity to change the methodology for these in order to recover more costs).

2. May be scope to recover costs, but could be a good reason why not - for example, accepted element of subsidy, or the fee is to manage demand or shape behaviour.
3. Opportunity to change methodologies and to recover more costs, within the constraints of what the market will allow (i.e. likely impact on demand) (could be a phased move towards this).

Approximately 12% of the Council's fees & charges fall into category three (market led) and therefore this is a low risk area.

- 3.11 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 5: Financial Assessment of 2020/21 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 £6.1m overspend in 2019/20 [Q2.5 position].	ASC 2020/21 budget £184.1m. CSD SEND budget for 2020/21 £11.7m.	2% increased unfunded demand	3.9
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 2020/21 circa £86m.	3% increase in current provision.	2.6
Risk that inflation on pay is more than the allocated 2.5% due to pressure from unions and political commitment.	Between 0.5% and 2.5% additional increase	£0.7m per 0.5%	0.7 to 3.5
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 £3.5m of savings in 2020/21	20% non-achievement	0.7
Non achievement of Fees & Charges targets built into the revenue budget, due to the continuing economic climate.	Planned Fees & Charges for 2020/21 is £64.9m.	Underachievement provision of 5%	3.2
Business Rate Revaluation and forecasting risk significantly increases risk of inaccurate forecasts.	Reduction in anticipated revenue from Business rates local share of £12.1m.	Rates collected reduces by 5%	0.6
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. Additionally, the impact of the recently-declared Climate Emergency is yet to be quantified.	Historic winter maintenance spend is circa £1.1m.	10% increase in costs due to adverse weather	0.1
	Pressures due to unknown event impacts i.e. floods	0.5% of insurance reserve & provision	0.05

Impact of Brexit:			
Inflation (excl. pay award)	Inflation provided in MTFP £9.8m.	5% increase in current provision	0.5
Infrastructure (e.g. transportation links; emergency planning)	£49.3m estimated highways infrastructure expenditure 2020/21 to 2022/23	2% additional cost	1.0
Unexpected Costs (e.g. additional trading standards officers; waste collection; service delivery etc.)	Estimated net budget for ESCC in 2020/21 is £403.4m.	1% increase in costs	4.0

3.12 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 other shire counties. This is, however, considered adequate on the basis that the budget balances for 2020/21 and that, in addition, as noted at 3.4, an in-year contingency is held.

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

Table 6: Medium Term Financial Plan Position

	2020/21	2021/22	2022/23
Estimated Annual Deficit / (Surplus) - non cumulative	£0.000m	£1.443m	£7.879m
Estimated Annual Deficit / (Surplus) - cumulative	£0.000m	£1.443m	£9.322m

3.14 We are balancing the budget for 2020/21, 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 2021/22.

3.15 For future years work will continue to identify. 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 2020 will change the total quantum of funding to Local Government;
- The Fair Funding Review consultation and outcome; this will be the basis of the new needs assessment upon which business rates will be redistributed;
- The future funding of social care;
- Impact of new Government policies;

- Potential taxation reform; and
- Environmental targets, including the impact of Climate Emergency.

- 3.16 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.
- 3.17 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.

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.

1. Place Scrutiny Committee's Comments on savings and use of additional funding

1.1 The Place Scrutiny Committee RPPR Board discussed the comments it wished to make to Cabinet on the Portfolio Plans, MTFP Savings Plan and the priorities for the use of the one-off funding at its meeting on 17 December 2019.

1.2 The Board has some concerns about the impact of the savings planned for Trading Standards and the Library Service. For Trading Standards, the planned savings could reduce the capacity to work on Scams and to protect vulnerable people. If possible, this work should be protected as it contributes to keeping vulnerable people safe, particularly the elderly. For Libraries, the Board considered that it would be difficult to achieve the future savings of £0.528 million without having an impact on the provision of library services across the County.

Priorities for the Use of One-off funding

1.3 The Place RPPR Board acknowledges the pressures faced by Children's and Adult's social care services. However, in the light of the additional funding being made available by central Government for social care, the Board considers that it is important for some of the one-off funding to be spent on visible, universal services that are important to the wider community and meet the Council's objectives. The Board considered that some priority should be given to one-off investments that council tax payers will see as improving council services for them.

1.3 With the above factors in mind, the Place RPPR Board agreed to recommend to Cabinet the following one-off options as priorities:

1. Highways Works Programme Management (£2.000million in 2020/21) - The Place RPPR Board's first priority for the use of one-off funding is to spend £2 million on the Highways Works Programme Management. The Board recommends that the £2 million is spent on Highways infrastructure in the following areas:
 - Dropped Kerbs - £75,000 is spent on installing dropped kerbs to promote access for the whole community, particularly those with disabilities. The additional funding will enable the backlog of requests to be dealt with and has a wide social benefit.
 - Road markings – Additional funding for road markings (lining and signing) based on the initial findings of the Scrutiny Review, which will help promote road safety and road capacity across the County.
 - Maintenance of Pavements – Additional funding to repair pavements to reduce falls and promote walking as a sustainable way of getting around.
 - Potholes – Additional expenditure to enhance the existing work to repair potholes which has a wide community benefit for road transport across the County.
2. Economic Development (£1.000 million in 2020/21) - The Board's second priority is the £1million expenditure on Economic Development. Additional investment in this area would have benefits for the wider community by increasing employment opportunities for residents and promoting sustainable economic growth in East Sussex.

1.4 In addition to the above, the Board asks Cabinet to consider the impact of the future savings in Trading Standards and Library Service budgets, as the Board has concerns about

size of the savings where it affects the capacity of Trading Standards to undertake work on scams to protect vulnerable people and the provision of the County's Library Service.

2. People Scrutiny Committee's Comments on use of additional funding

2.1 The People RPPR Board met on 16 December 2019 and discussed in detail the draft portfolio plans, budget proposals and the nine one-off funding options which the People Scrutiny Committee had identified as potential priorities at its meeting in November. The Board were keenly aware of the limited funding available and that all the options before it had the potential to deliver significant benefits. To help with its prioritisation task therefore the Board agreed its discussion of the options would be informed by the following factors:

- that a priority for the Board would be a focus on safeguarding issues and supporting the most vulnerable;
- that the Board understood that reduced levels of support can have a disproportionately negative impact on the most vulnerable and disadvantaged (despite the best efforts of officers). Members were therefore keen to focus on identifying options that would maximise the interests of individuals in this group;
- that a further guiding principle for Members was the adoption of a 'holistic approach' to the individual which recognises their journey from child to adult (and the Council's role in supporting vulnerable individuals in this group at these different stages of life);
- that the Board agreed to recommend overall priority be given to services that support the most vulnerable children and young people. The Board made this decision on the basis that further support for this group had the potential deliver both short and long-term benefits for the individual. The Board reached this conclusion as they heard evidence that higher levels of support for the most vulnerable had the potential to leave them better placed to cope with the transition to adult life;
- that in addition to the longer-term benefits for the individual, the Board also felt its focus on the individual's journey from child to adult services brought a preventative element to its prioritisation task. Members heard that improvements in the levels of support available to vulnerable young people had the potential to decrease demands on adult social care services. This indicated to the Board that a focus on children's services would could help reduce demand on both departments in a way that would not be possible if adult services were given overall priority.

2.2 The Board agreed to recommend to Cabinet the following one-off funding options as its priorities:

1. **Children's Services reprofile of safeguarding savings** (£0.586m in 2020/21). The Board heard that the re-profiling of the savings for this service would allow proposed savings to be deferred for a year. The Board identified this as its top priority given its focus on the most vulnerable.
2. **Children's Services No Wrong Door** (£3.375m over the three years to 2022/23). The Board heard that this is a model developed by North Yorkshire County Council which works with adolescents aged 12-25 with complex challenges, via multi-agency hubs. If implemented the model would require significant change over an estimated period of two years. The expectation would be though that in time the model would result in the reduced use of expensive agency residential placements. Further benefits would also potentially include:
 - Young people being able to stay in their communities and within their families;
 - Increased partnership accountability and responsiveness and improvements in the safety and stability of young people; and
 - The model would become part of Core Services and therefore the ongoing cost would be offset by savings.

3. **Children's Services Disability Children's Homes** (£0.242m in 2020/21). Members were informed that investment to model this service area would help create additional capacity and reduce the costs of residential care placements in the independent sector by keeping more children within local provision.
4. **Adult Social Care Home Care Commissioning** (£0.110m in 2020/21). Whilst the Board accepted that overall priority should be given to children's services activities which are focused on the most vulnerable, Members were also keenly aware of the pressures on the services provided by the Adult Social Care and Health department. With this in mind, the Board were particularly appreciative of the importance of the County Council's home care contracts and noted the recommissioning process the department have recently commenced. Members agreed that recommissioning provides an excellent opportunity to test out different approaches to Home Care provision. Given the value of the contracts they also noted the relatively small estimated cost for this funding option and its potential to produce significant and wide-ranging benefits.
5. **Adult Social Care/Children's Services Accommodation and floating support** (£0.987m, £0.582m, £0.260m in 2020/21, 2021/22, 2022/23 respectively). The Board heard that poor accommodation can have serious long-term effects on both physical and mental health and wellbeing. It also noted that this option had the potential to be of benefit to clients of both the Children's Services and Adult Social Care and Health departments. With regard to adult social services, the Board was particularly mindful of the potential improvements this might help deliver to Rough Sleepers.

2.3 Members of the Board were keen to acknowledge that all nine of the one-off funding options which had originally been prioritised by the People Scrutiny Committee had potential clear benefits and that the list above should not be seen as an indication that Members were not supportive of the other options. However priorities 1 to 5 were considered of most importance and relevance.

3. East Sussex Wider Strategic Partners

3.1 The Leader and Deputy Leader, supported by officers, met with representatives of the Council's wider strategic partners on 13 January 2020. The meeting was attended by representatives of public, private and voluntary sector partners and service user groups. A presentation was given, which recapped the Council's strategic priorities and the financial and demographic context that had required ESCC to set its Core Offer. Partners were updated on the Council's latest financial position, the additional funding Government had provided for social care in recognition of the pressures ESCC and others had lobbied on, and the opportunity for the Council to make provision in 2020/21 to spend additional unallocated funding on not taking some planned savings, investing in projects to reduce future demand, and/or increasing capital investment. 21 partner organisations were represented at the meeting and ESCC is grateful to all partners for the comments and feedback provided.

3.2 The following issues were discussed in the meeting:

- The option of retaining the additional unallocated funding in reserve for future use was raised. There was a need to balance prudent planning for future uncertainties with not being seen to raise but not use additional funding through the planned Council Tax increase and Adult Social Care precept, especially as East Sussex already had high Council Tax levels. Cabinet was therefore expected to recommend that County Council

agree to prioritise use of the unallocated money on prudent activity to manage pressures and future demand, although retaining the funding in reserve was another option available.

- Strategic commissioning was discussed, particularly how ESCC could continue to work with commissioned providers to simplify the contract bidding process, given all partners had reduced capacity; and ensure the resource available was adequate for the service capacity required and accounted for inflation. It was confirmed that a range of factors were considered when commissioning services, including the impact on providers' workforce, recruitment and capacity, and building inflation into longer-term contracts. Where the resource available was not sufficient to provide a service, the expectations for that service were fundamentally reviewed. The impact of the increase in the National Living Wage on the County Council and providers for 2020/21 was being worked through. Challenges providers had in granting pay uplifts to staff were noted.
- The causes of the in-year overspend in Children's Services were discussed. The majority of the increased costs were from supporting Looked after Children requiring higher level and more bespoke support to keep them safe. A small proportion of the increased costs were from supporting Children with Special Educational Needs and Disabilities (SEND). In response to those costs, the Council was working to increase SEND provision within the county to reduce costs and improve outcomes for children and young people; and one proposal for use of the additional unallocated funding in 2020/21 was to adapt a disability unit. The decision by Cabinet in November to not make family key worker sayings in 2019/20 or 2020/21 was welcomed by partners, as key workers were important for preventing escalation of need at the earliest opportunity.
- Concerns about deterioration in the condition of local roads were raised and an update on provisions to improve their condition was provided. The maintenance approach taken through the East Sussex Highways Contract was driven by an asset plan. Overall road condition had gradually improved in East Sussex, however to bring the condition of the overall highways network up to good condition would cost many times more than ESCC was currently able to invest. The asset plan enabled ESCC to determine the best use of available resources. The challenge was communicating the overall success of the current approach to residents, given that with the scale of work many would not necessarily see the benefits of the significant investment made. The Highways Contract and current investment strategy included contingency for improvements following bad weather and this would be kept under review as future adaptation to a changing climate was required.
- Partners recognised ESCC's experience that a small proportion of residents required the statutory services that the majority of ESCC's funding was spent on, as those residents were particularly vulnerable, their needs were high and they required support from a range of agencies. Strategic and collaborative working across partners and sectors would continue to be key to ensuring collective resources were effectively used to support those people.
- Partners offered to lobby, on the pressures on public services and the sustainability of the provider market, which was welcomed and would be powerful for reinforcing lobbying by the County Council. It was agreed joint lobbying was needed on the upcoming Government review of SEND and that the voice of voluntary sector partners, service user groups and parents would be particularly important.
- It was acknowledged that work to help people help themselves was vital for managing demand within current resources and a question was raised on whether more could be

done to communicate to residents what modern public services could offer and what residents could do to help themselves. The Core Offer was ESCC's mechanism for explaining to residents what the County Council could be expected to provide in the current financial climate and following the national decision to reduce spending on public services post-2010. Specifically in health, the NHS Long Term Plan emphasised prevention and helping people avoid the need for acute care. This was an ongoing joint endeavour with health colleagues and it was agreed that national leadership was required.

- Surrey and Sussex Association of Local Councils updated the group on a report published in 2017 which mapped the work of all layers of local government in West Sussex and how these services could better work together to meet the needs of residents. The intention to undertake similar work to map the work of parish councils in East Sussex to identify any additional opportunities for joint working was welcomed.
- Similarly, the opportunities afforded by the new corporate improvement partnership arrangement with West Sussex County Council and ongoing joint working with South East 7 partners were recognised.

3.3 Partners were encouraged to contact the Leader, Deputy Leader or Chief Officers if they wished to any make further comments on the budget following the meeting.

4. Trade union representatives

4.1 A meeting was held with trade union representatives on 21 January 2020 to consult on the Council's draft Council Plan and budget proposals for 2020/21.

4.2 The Leader of the Council opened the meeting and thanked the trade union representatives, and through them staff, for another year of hard work. The Leader updated the meeting that although there was some very welcome flexibility to invest in services next financial year, the Council continued to manage a difficult financial position. Lobbying by the County Council and wider sector had been effective in raising awareness of the social care demand pressures that the Council was managing and additional social care funding had been granted for next year as a result. Members and officers would continue to proactively lobby for adequate funding for East Sussex in the longer term, with focus on securing fair funding in the Fair Funding Review that Government had recommitted to deliver this year.

4.3 The Assistant Chief Executive outlined the budget proposals to be considered by the Cabinet. Government had announced additional grant funding for social care in the 2019 Spending Round and allowed councils to raise another 2% Adult Social Care Council Tax precept, which had generated £6.6m additional funding for 2020/21. The proposed budget made provision for this to be used to invest in projects to reduce future demand for adults and children's social care services; invest in highways and improving residential homes for children with disabilities; and defer planned savings in children's safeguarding, libraries services and trading standards. This was in addition to Cabinet's decision in November 2019 to defer planned Early Help family key worker savings to avoid unnecessary in-year redundancies.

4.4 Following the introduction, trade union representatives raised questions and views on the Cabinet papers, which are set out below.

Reconciling Policy, Performance and Resources (RPPR) planning

4.5 Trade union representatives welcomed the proposals for investment and deferring savings, particularly in Trading Standards, but shared concerns about the longer-term

financial situation, particularly the £12.5m budget gap that was projected by 2022/23. It was confirmed that the budget proposed for 2020/21 was balanced and no new savings were required in addition to the £3.5m identified in February 2019, outlined in Appendix 4 of the Cabinet report. These would be implemented through the usual process with any savings that involved changes to services subject to formal consultation and detailed Equality Impact Assessments. Officers committed to continue to keep trade unions informed as plans for future years were developed.

4.6 Trade union representatives welcomed the lobbying already undertaken by the Council and encouraged Members and officers to continue to lobby on behalf of staff, as they were impacted by changes to staffing from service reductions. All agreed that further lobbying ahead of the Fair Funding Review to highlight the specific factors driving demand in East Sussex was key to securing resource to close the gap in future years.

Devolution

4.7 Trade union representatives asked if Members or Chief Officers had further information on what was expected to be included in the Devolution White Paper announced in the post-General Election Queen's Speech. Mayoral Combined Authorities were expected to continue to be a feature of the Government's devolution offer as the Queen's Speech had committed to increasing the number of mayors. Government had also said it intended for devolution to 'level up' powers and investment in regions across England and to unlock economic growth potential. Further details would be known when the White Paper was published.

Health and Social Care

4.8 Trade union representatives asked for further information on national strategic plans for health and social care, including whether a social care green or white paper was still expected.

4.9 NHS England had published the NHS Long Term Plan in January 2019 which had a focus on community and primary care. Local health and social care providers were required to submit medium term plans to deliver on ambitions in the Long Term Plan. ESCC had worked with health partners to develop an East Sussex-wide health and social care plan, which would be considered by the Cabinet at their meeting on 28 January. The plan aligned with existing County Council objectives, built on existing joint work and progress on integration of services made through East Sussex Better Together and Connecting 4 You, but had important widened scope for collective work on prevention, children and young people (led by ESCC), community care, urgent care, planned care and mental health.

4.10 The Prime Minister had committed to bring forward plans to reform social care this year, but robust local plans to drive the changes needed to improve the health, social care and wellbeing of the East Sussex population needed to be in place should this not be delivered.

Climate Change

4.11 Trade union representatives asked what provision was being made to respond to the climate emergency and deliver on the County Council's agreed target for its own operations to be net zero as soon as possible, and in any event by 2050.

4.12 The ambition of ESCC's net zero target was discussed. While other local authorities and organisations had set targets to be net zero by 2030, the Leader was clear that ESCC's target was both ambitious in aiming for net zero at the earliest opportunity, but realistic and practical in recognising the scope of change this would require and the time that could take.

4.13 The Director of Communities, Economy and Transport explained that the first step in delivering on this target was determining ESCC's current emissions output, to inform action required to reduce emissions and provide a baseline to measure progress against. This work was being done alongside borough and district council partners that had also agreed net zero targets. It was recognised additional resource was required and £55k had been allocated in the proposed budget for climate change staff resource to support delivery of an action plan once the baseline had been identified. There was however a limit to what the County Council could achieve on its own. In general, council estates only accounted for around 1-2% of emissions in their county area. Councils had ability to influence through areas such as transport planning but Government leadership, resource and intervention would be required to deliver emissions reduction beyond that.

Council Tax

4.14 Trade union representatives raised concerns about the impact of the proposed Council Tax increase on staff who were also residents, particularly lower paid staff.

4.15 The Leader confirmed that Members were very conscious of the impact of Council Tax increases on residents, particularly as total Council Tax rates in the county were already relatively high. The total proposed increase in ESCC's element of Council Tax for 2020/21 (1.99% Council Tax and 2% Adult Social Care Precept) generated an increase of £57.24 per year on a Band D property, or £1.10 per week. The money this raised was critically needed and allowed budget proposals for deferring some savings and investing to improve public services residents relied on.

Business Rates Retention

4.16 Trade union representatives asked for clarification on the changes to the County Council's business rates retention arrangements.

4.17 The Chief Finance Officer explained that the Government had discontinued Business Rates Retention Pilots for all authorities, other than those that had been granted retention schemes through devolution agreements. The 2019/20 75% Business Rates Retention Pilot for East Sussex would end in April and ESCC would re-enter a business rates pooling arrangement with the borough and district councils and East Sussex Fire and Rescue Service. Although there were minor net benefits to ESCC of both the 75% retention pilot and pooling arrangements, greater retention of growth in business rates was not a viable funding model for ESCC. Despite ongoing efforts to attract new businesses to the county, the nature of the local economy and natural environment of East Sussex meant there were limited opportunities to grow businesses with a property square-footage that could generate the growth required to fund demand for social care services.

Managing service demand growth

4.18 Trade union representatives recognised the rising demand for services, particularly from adults and children presenting with higher needs that required more complex care and support, and asked what steps the Council was taking to manage this demand.

4.19 The Lead Member for Children and Families explained that the No Wrong Door pilot that was proposed to be introduced in 2020/21, was expected to improve support to children within or on the edge of the care system. In North Yorkshire, the scheme had resulted in significant reductions in arrests, missing episodes, hospital admissions, use of Independent Fostering Agencies, and in the time children spent in care. There was no guarantee, but it was hoped that this investment would have similar outcomes for East Sussex.

4.20 More broadly, the Council's robust business planning process, RPPR, ensured the County Council was taking informed decisions on how to best use available resources to

meet and curtail rising demand, supported by an evidence base and evaluation of the performance of all activities.

Corporate Improvement Partnership with West Sussex County Council

4.21 Trade union representatives welcomed the new partnership arrangement with West Sussex County Council (WSCC) but raised concerns it would increase work for East Sussex County Council staff.

4.22 The Leader was pleased ESCC had been asked to take part in the new and innovative model for peer support in local government and had been working closely with the Leader of WSCC. ESCC was expected to benefit from the partnership, including in opportunities to learn from WSCC how we could do some things differently to improve outcomes. A review of the arrangement would be undertaken at the end of March and the expectation was that the arrangement would be taken forward on the basis of no detriment to ESCC and our staff.

Brexit

4.23 Trade unions asked when the County Council expected to know more about any potential impact of Brexit on East Sussex or the County Council. More would be known about the impact of Brexit, and our future trading relationship with the EU, after 31 January and as negotiations progressed this year. The County Council would monitor negotiations and new legislation, particularly on fisheries, agriculture and trade.

Final Local Government Finance Settlement

4.24 The Chief Finance Officer confirmed the final Local Government Finance Settlement was expected after the budget was due to be set by County Council. Significant changes to the provisional Settlement were not expected and the Chief Operating Officer would be given delegation, in consultation with the Chief Finance Officer, Leader and Deputy Leader, to adjust presentation of the Budget Summary to reflect the final settlement.

Corporate Office Accommodation

4.25 Trade union representatives raised that plans for utilisation of core administrative office accommodation was of priority interest for staff and the Chief Operating Officer confirmed further information would be available soon and plans would be reported to Cabinet in the spring.

Redeployment Policy

4.26 Trade union representatives commended the County Council's redeployment policy for both supporting staff and making best use of the Council's resources.

5. Young people

5.1 An update on the County Council's budget proposals and draft Council Plan for 2020/21 was shared at the new East Sussex Youth Cabinet's meeting on 26 January 2020. The Youth Cabinet fed back that they were pleased that the Council was still planning to make a case to Government about the difficulties with funding for important services for children and adults.

5.2 The Youth Cabinet raised three questions, to which the following responses have been given:

1. We understand that some cuts will not be made this year. But if more cuts need to be made next year or the year after, what are the most important things the Council wants to keep doing?

The County Council agreed its East Sussex Core Offer in 2019, to set out the services we think it is most important that we continue to provide with the funding currently available to councils. Detail of all the services we prioritised in our Core Offer is provided on the County Council's website: <https://www.eastsussex.gov.uk/yourcouncil/about/keydocuments/coreoffer/>. The Core Offer also allows us to take an informed and strategic approach to planning future savings by setting out some of the things we would stop doing if we have to make further savings.

The Core Offer takes account of the County Council's four agreed strategic priorities which guide the planning of all our activities. The priorities are:

- Keeping vulnerable people safe
- Helping people help themselves
- Driving sustainable economic growth
- Making the best use of resources – including investing in preventative work to reduce people's need to use council services in future

2. How will the Council put pressure on the Government to explain that there is not enough money for important services?

Cabinet Members and Chief Officers will continue to lobby with MPs, seek meetings with ministers, and work with our local partners and through partnerships such as the South East 7, County Councils Network and Local Government Association to strongly emphasise that Government must allocate additional funding for local government for councils to be able to continue to provide vital and effective services. We will emphasise that local government has an important role to play in responding to challenges such as climate change and can support local communities to flourish if given the resources to do it.

3. What can the Council do to help with our 'Protect the environment' campaign?

At the November 2019 Children's Takeover Day, youth groups from across East Sussex supported two schemes the County Council was planning to promote that would enable and assist local residents to improve the energy efficiency of their homes and/or to install solar panels at a reduced rate. In February, officers will meet with the new Youth Cabinet to discuss these schemes in further detail, help develop a communications plan for their environment campaign for 2020, and discuss any other areas the Youth Cabinet wish to work with the County Council on to deliver their campaign.

The County Council will also amplify the Youth Cabinet's campaigning to protect the environment by lobbying Government, with our partners, for the leadership and resources to support action to reduce emissions and protect the natural environment in East Sussex.

6. Business Representatives

6.1 The Leader and Deputy Leader, supported by officers, met with Team East Sussex (TES) business representatives on 27 January 2020 to consult on the budget proposals for 2020/21 and draft Council Plan. Following a presentation and opening comments from the Leader and Assistant Director for Economy, the following issues were discussed with business representatives:

Investing additional unallocated funding

- The option of investing the additional unallocated funding for 2020/21 in economic development activity to reduce future need for services was discussed. It was confirmed that the option had been considered and while the Council recognised investment in the local economy could improve the prosperity and wellbeing of communities and help reduce the need for services in the longer-term, investment with more immediate outcomes was needed to manage demand. Further growth in demand for social care services was projected and the Council was managing an in-year overspend in Looked after Children's Services for 2019/20, so there was an urgent need to invest revenue on activity that could reduce demand and costs in social care services in the short-term. The Accommodation and Floating Support and No Wrong Door projects were expected to be self-funding within two years and were hoped to reduce the need for future savings, enabling the Council to maintain its activity in other areas.
- Whilst it was recognised that GVA growth continued to rise in East Sussex, along with the number of jobs, the county's economic performance still did not meet with South East average. As a consequence, driving sustainable economic growth remained a core strategic priority for the County Council and ESCC would continue its investment and activity with TES partners to deliver this in 2020/21.
- In the longer-term, fundamental reform of the allocation of funding for local government was needed to close the gap between funding and demand and ESCC would continue to lobby for a fair funding formula that accounted for local need in the coming year. Growth in the local economy did not necessarily translate into growth in business rates income, so the Council would also continue to emphasise in its lobbying that locally generated council tax and business rates income alone were not sufficient to fund need in East Sussex.

Innovation

- The option of investing the additional unallocated funding in Research and Development to improve service delivery was also raised. Opportunities for innovation were routinely explored by the Council and had resulted in work such as Thrive, which had kept Looked after Children numbers in East Sussex constant while they had increased in other authorities; and the East Sussex Better Together partnership to integrate health and social care services. The No Wrong Door project proposed to be introduced in 2020/21 was an innovative approach to improving support for children within or on the edge of the care system that had delivered a range of positive outcomes in North Yorkshire. The Council worked closely with partners and through groups such as the County Councils Network and Local Government Association to explore opportunities for innovation; and inspections (such as the Ofsted inspection of Children's Services in 2018) confirmed that the Council was incorporating best practice with evidence-based innovation to achieve high quality services. The Council would remain open to new ways of working and welcomed insight from partners.
- The role of automation and artificial intelligence in delivering future savings was also considered. Investment in technology had delivered improvements in the efficiency and effectiveness of the Council's services, particularly in Adult Social Care and health, and would continue to play an important role in the future. It was recognised that there could be opportunities to look locally to procure technological solutions and innovations.

Inclusive and Clean Growth

- The opportunities for inclusive growth along the South Coast to reduce the need for Council services was discussed. The meeting agreed that economic growth that provided good local employment opportunities, reduced worklessness and improved

communities' physical and mental health would play a significant role in reducing need in the county. The Local Industrial Strategy was an opportunity for delivering inclusive growth, as was regeneration anticipated to be delivered through the shift to carbon neutrality and green energy. Retrofitting homes, for example, could provide jobs and business opportunities. Place-making and inclusive community working were felt to be key to inclusive growth.

- Resourcing for investment in a low carbon local economy was considered. The East Sussex Environment Strategy, which would prioritise activity to reduce carbon emissions in East Sussex, had been developed through a sub-Board of TES to ensure it had the input and ownership of local businesses. ESCC still had a gross spend of over £800m which provided significant buying power to drive social and environmental goals in the local economy.
- Opportunities to upskill residents for green jobs were discussed and although there were currently minimal local jobs in clean energy/industry, the numbers were growing and when a critical demand for skills was reached, Skills East Sussex would provide a mechanism for businesses from the sector to work with skills providers to generate appropriate training programmes.

Regional Investment

- The meeting recognised that there remained a need to make the case for investment in East Sussex and the South East under the new Government, particularly given the focus on increasing prosperity in the Midlands and the North. It was agreed joint lobbying was required and should demonstrate the distinctiveness of the South East region from London, the importance of maintaining the region's economic output, and the need for infrastructure investment, particularly around the strategic ports that supported economic activity across the country. TES representatives were encouraged to join ESCC in talking to local MPs about how East Sussex could secure investment and the South East Local Enterprise Partnership was intending to meet with MPs to make the region's case.

Brexit

- It was agreed vigilance for any impact of Brexit on businesses in the county would need to be maintained.

Economic development activity

- The role and coordination of the County Council's economic development function and borough and district councils' economic development functions were considered. Through partnership working with borough and district councils, care had been taken to avoid any duplication of functions whilst ensuring activities were complementary. Borough and district councils tended to be more focussed on local place-making, while the County Council added value to and complemented these activities through infrastructure provision and planning, business finance and skills programmes.

6.2 The Leader thanked all for attending and for their helpful comments and insights which would inform Members' decisions in the final stage of the budget setting process. Any additional comments and questions following the meeting were welcome and could be sent to the Leader, Deputy Leader or officers.

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Appendix 9: Capital Programme 2019-30 and Capital Strategy 2020-41

1. Background

- 1.1 Through the Reconciling Policy Performance and Resources (RPPR) process the capital programme is reviewed and monitored to ensure that it supports the Council's Core Offer and departmental service strategies; either providing for basic need or via strategic investments demonstrating benefit to the Council.
- 1.2 Departments have worked together to develop a target led basic need capital strategy extending the timescale to 20 years and supported by 10 year planned capital programme.
- 1.3 The development of the capital programme is set on the following sections:
 - a. Update the Current Programme within Medium Term Financial Plan (MTFP) (Section 2);
 - b. Update the Current Programme where it has impact over 10 year programme (Section 3);
 - c. Development of the Capital Strategy to inform the new 10 year programme (Section 4);
 - d. Propose a 10 year programme (Section 5); and
 - e. Provide funding model for complete programme (Section 6)

2. Current Capital Programme Update

- 2.1 As part of the RPPR process and informed by the Quarter 2 monitoring position, Service Finance and Departmental Capital Teams have completed a Capital Programme refresh. Re-profiling their programmes and schemes as accurately as possible based on current knowledge held.
- 2.2 Table 1 summarises the movements to the approved programme 2019-23 since State of the County in July 2019. The changes include the refresh at quarter 2, plus any subsequent updates from services (Quarter 2.5).

Table 1 – Current Programme Update

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
Gross Approved Programme as at SoC 2019	109,162	81,094	45,592	46,263	282,111
Refresh of Programme post Q2*	(11,707)	10,028	453	1,155	(71)
Approved variations**	1,410	2,580	1,169	49	5,208
Gross programme updated for refresh and variations	98,865	93,702	47,214	47,467	287,248

**at Q2 there was a small underspend of £30k reported and £41k profiled outside the current programme period – this will be picked up in the future programme.*

*** all variations to the programme are net nil and in line with variation policy*

Funding updates

2.3 In addition to State of the County and approved variations there have been a number of areas of funding requiring update, these are as follows:-

- Payback of SEND – profiles the payback from SEND investment already agreed.
- Community Infrastructure Levy (CIL) funding for Seahaven Academy –the successful bid for CIL funding for expenditure already included in the capital programme.
- New Homes Bonus – the expected amount of New Homes Bonus not used to fund revenue expenditure.
- Reduction in Borrowing – the movement in the need to borrow after taking into account all of the movements above.

Table 2 – Funding

	Total £000
Funding at State Of County	
Other funding	193,861
Borrowing *	88,250
Funding	282,111
Funding Updates	
Funding for approved variations	5,208
Payback for SEND	486
Community Infrastructure Levy (CIL) funding of Seahaven Academy	400
New Homes Bonus	767
Reduction in borrowing **	(1,724)
Gross programme updated for refresh and variations	287,248

2.4 This reduces the overall borrowing to £86.5m (* £88.2m less ** £1.7m) for the current approved programme. Should there be any unused underspend on Treasury Management in 2019/20 after outturn on service budgets is managed, it is proposed, as is normal policy and practice, that this would also be used to reduce borrowing.

3.0 Amendments to Current Programme impacting on future years

3.1 There are a number of updates to the current programme that also impact on future years that need to be noted as they will need to be reflected in the proposed programme to 2030. These are:-

Appendix 9: Capital Programme 2019-30 and Capital Strategy 2020-41

- **Newhaven Port Access** – Whilst the project remains on track, as part of the Quarter 2 monitoring the budget for the Newhaven Port Access Road has been profiled to more accurately reflect the landscaping aftercare period which extends to 5 years after completion. ESCC are responsible for aftercare in years 2, 3, 4 & 5 for which we have estimated £20,000 per year for budget profiling purposes and therefore moved £41,000 from the current programme to 2023/24 and 2024/25.
- **The Keep** – The replacement and update of equipment at the Keep has been identified as needed over the next 10 years, contributions from the partner organisations have been and will be kept in an earmarked reserve. Of the planned expenditure of £1.091m, £691,000 is currently matched by drawdowns from this reserve for the first 8 years. It is proposed that the council also provides for the additional £400,000 contribution required by the Council in 2028/29 in its capital programme as this is basic need in order for the Keep to remain functional.
- **House Adaptations** – House adaptations will now only be included for the first three years of the programme in line with the MTFP period, they will be net nil and funded by contribution from reserve. This will allow them to be more reflective of demand rather than representing a budget allocation that continuously slips. The amounts included in the programme are indicative and represent the historic trend, any variations will be managed through the RPPR process and reserve policy.

3.2 **Table 3** shows the amendments to the current programme and **Table 4** the related ongoing future programme requirement detailed above in section 2. This will give revised current programme to be funded of £ 286.2m (see Table 3) and a starting point for future years of £1.0m (see Table 4). Reducing borrowing by a further £1.1m to £85.3m.

Table 3 – Summary of amendments to Current Programme for MTFP

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total 2019/23 £000
Current Programme (Table 1)	98,865	93,702	47,214	47,467	287,248
Removal of Existing House Adaptations Budget	(160)	(160)	(568)	(540)	(1,428)
Adult House Adaptations		50	50	50	150
Children's House Adaptations	67	50	50	50	217
(Decrease)/Increase in Expenditure	(93)	(60)	(468)	(440)	(1,061)
Revised Current Programme	98,772	93,642	46,746	47,027	286,187

Table 4 – Summary of amendments to Current Programme impacting 2023 - 2030

	2023/ 24 £000	2024/ 25 £000	2025/ 26 £000	2026/ 27 £000	2027/ 28 £000	2028/ 29 £000	2029/ 30 £000	Total 2023/30 £000
Newhaven Port Access	20	21						41
The Keep	96	26		85	110	628		945
Baseline Future Programme	116	47		85	110	628		986

4.0 Proposed Capital Strategy and 10 Year Programme

- 4.1 In 2017, the CIPFA Prudential Code was revised and included the requirement for Local Authorities to produce a Capital Strategy. The Council's current Capital Strategy was approved as part of RPPR 2019/20, however, it was recognised that further development was required. A 30 year Capital Strategy has therefore been developed for 2020/21 and is supported by a 10 year planned capital programme in recognition of the need to provide a planned capital programme and strategy over a longer period. The Capital Strategy is attached at **Appendix 9a**.
- 4.2 The 10 year programme will be reviewed annually as part of the RPPR process to ensure it reflects current knowledge and service need. To be consistent and to allow alignment to the MTFP regarding investment decision, the first 3 years of the planned programme will represent firm planning assumptions and an agreed direction with future years being more indicative. This strategy has been developed during a period of significant unknowns: the economic effect of withdrawal from the European Union and the subsequent transition period; local government funding reform, and the level of funding that will be made available in future years as the government will review its capital funding in 2020.
- 4.3 In conjunction with reviewing the programme, the governance arrangements will also be reviewed to ensure that they remain in line with best practice as advised by CIPFA and the Council's Financial Regulations.

5.0 Proposed Capital Programme from 2023/24 to 2029/30

- 5.1 The proposed strategy focuses on basic need and allows the delivery of the Council's Core Offer. The level of basic need investment has been ascertained through a service target led approach. The following paragraphs provide a summary of the additional investment proposed from 2023/24 to 2029/30. The total proposed programme, which includes the revised current programme, is provided in detailed at appendix 3. Where strategic investment is required, beyond basic need, these will be considered separately via business cases. As such these will not be included in the Capital Programme until their overall impact, including funding implications, have been assessed and approved.

Communities, Economy and Transport

- 5.2 **Libraries** – The existing approved capital programme to 2022/23 is £1.997m, the new capital budget allocation for 2023/24 to 2029/30 is £3.143m, giving a total revised capital budget of £5.140m. The budget only enables libraries to be maintained in a safe and suitable condition from which to deliver the outcomes of the Libraries Strategic Commissioning Strategy. There is no element of ‘enhancement’ in this programme. S106 targets will cover some of the cost.
- 5.3 **Economic intervention grants and loans** – will be treated as a single investment item and will include the Economic Intervention Fund, the Enabling Fund (previously called the Stalled Site Fund) and the Incubator Fund. The Economic Intervention (EI) Fund supports local businesses through investment to grow and create jobs. The Enabling Fund will be providing funding to enable sites to be developed. The Incubator Fund will support identifying further business incubator opportunities with Districts and Boroughs, together with our own assets or with Social Enterprises to allow wider benefit and access further private and public match funding to increase the number and quality of jobs in East Sussex. The overriding principle, however, is that the Council does not borrow to fund grants or loans. Therefore, the pump prime monies and loan repayments, plus any one off agreed funding, will be held in reserve to fund expenditure in future years through the RPPR process. Expenditure on loans and grants will be included for the first three years of the programme in line with the MTFP period; there is therefore no change to the expenditure profile in the current programme of £4.537m. Any unused funding over the MTFP period will remain in reserve for use in future years. It is proposed that working with CET detailed monitoring of the Economic Intervention Fund and its reserve will be presented to Capital Strategic Asset Board (CSAB) as part of the annual RPPR and monitoring process and will include future years for completeness.
- 5.4 **Integrated Transport** – The existing approved capital programme to 2022/23 is £10.326m, the new capital budget allocation for 2023/24 to 2029/30 is £21.483m, giving a total revised capital budget of £31.809m. The Integrated Transport Capital Programme delivers the objectives of the County’s Local Transport Plan (LTP) 2011 - 2026 which is complemented by a series of five year Implementation Plans that set out the priority schemes that could be delivered in the five year period subject to the availability of funding. It is proposed that funding for Integrated Transport is at the level of grant received, supported by other scheme specific funding from S106 and CIL which will be approved via variations to the programme. Should additional S106 and/or CIL not be available where required, decisions not to do work may have to be taken.

Appendix 9: Capital Programme 2019-30 and Capital Strategy 2020-41

- 5.5 Real Time Transport Information** – The existing approved capital programme to 2022/23 is £0.165m, the new capital budget allocation for 2023/24 to 2029/30 is £0.316m, giving a total revised capital budget of £0.481m. Current installed Real Time Passenger Information (electronic bus signs) have an estimated life of 15 years. Maintenance and part replacements are covered from revenue budget. Where S106 is attracted this will be used to support replacement. If this funding is not available these life expired signs will have to be removed.
- 5.6 Highways Structural Maintenance** – The existing approved capital programme to 2022/23 is £72.896m, the new capital budget allocation for 2023/24 to 2029/30 is £142.859m, giving a total revised capital budget of £215.755m. The Highway Structural Maintenance budget includes carriage resurfacing as well as capital maintenance of footways, drainage replacement, street signs and street furniture, crash barriers and soft landscaping (trees and verges). Carriageway deterioration modelling that has been run in order to illustrate the likely impact on road condition of a number of investment scenarios, as summarised in **Table 5**.

Table 5 – Road Condition (%) resulting from investment levels

Road Condition (%) resulting from Highway Investment									
	Original Targets	Current Targets	Current Condition	Future Level of Annual Investment in Carriageway Resurfacing					
				£5m	£10m	£13.2m	£14m	£15m	£16.5m
A Roads	8	8	5	19	12	8	8	6	5
B & C Roads	9	9	7	31	22	9	9	9	7
Unclassified Roads	20	15	9	36	22	20	15	12	9
£'000 at 2019/20 prices									
Highway Structural Maintenance Allocation Required				8,062	13,062	16,262	17,062	18,062	19,562
£'000 at 2023/24 prices									
Highway Structural Maintenance Allocation Required				8,810	14,273	17,770	18,644	19,736	21,376

- 5.7** The programme has been modelled to maintain the Council's currently agreed road condition targets and therefore is based on the £14.0m (at current prices) option highlighted in the table above. This option would require investment of £18.6m by 2023/24.
- 5.8** The Council currently receives formula grant in support of this investment, based on road length and category as well as some national weighting; it is therefore relatively static. A smaller incentive fund (c. £1.7m annually) is also available based the Council's standing as a Band 3 (highest) Highway Authority recognising its approach to highway asset management. The modelling aims to maintain condition at target levels, therefore any changes to the grant levels from Government is used to offset borrowing in the first instance.

Appendix 9: Capital Programme 2019-30 and Capital Strategy 2020-41

- 5.9 It is proposed that a one off contribution of £1.000m is made in 2020/21 towards the Highways Works Programme in order to achieve agreed condition targets, including drop kerbs, patching and other areas of highways maintenance.
- 5.10 **Road Bridge Assessment Strengthening/Street Lights/Traffic Signals –** The existing approved capital programme to 2022/23 is £8.383m, the new capital budget allocation for 2023/24 to 2029/30 is £31.214m, giving a total revised capital budget of £39.597m. Investment in these assets is for priority health and safety works, and is maintained at current levels to ensure the safety of road users.
- 5.11 **Salix - Replacement of street lighting with LED Bulbs –** This includes Salix funding for street lighting energy efficiency of £3.583m. To improve energy efficiency, reduce carbon emissions and lower energy bills, repaid via the savings generated.
- 5.12 **Rights of Way (Surface Repairs and Bridge Replacement) –** The existing approved capital programme to 2022/23 is £1.706m, the new capital budget allocation for 2023/24 to 2029/30 is £3.865m, giving a total revised capital budget of £5.571m. The County Council has a statutory duty to maintain bridges and path surfaces so that they can be safely used by the public. The proposed level of investment is at current levels, increased for inflation. Additionally, three years of £135,000 has been added to 2020/21 to 2022/23 to invest in urgent bridge work where assets have come to the end of their natural lifespan.

Business Services Department

- 5.13 **Salix - Energy Efficiency Schemes -** The existing approved capital programme to 2022/23 is £1.423m; the new capital budget allocation for 2023/24 to 2029/30 is £2.450m, giving a total revised capital budget of £3.873m. This investment is now fully funded by recycled loans and the £350,000 a year represents target investment which may fluctuate.
- 5.14 **School place planning -** The existing approved capital programme to 2022/23 is £52.076m; the additional proposed capital budget allocation for 2020/21 to 2029/30 is £54.630m, giving a total revised capital budget of £106.706m. Provided by the Business Services Directorate on behalf of Children's Services, place planning is driven by demand as a result of developments, migration and birth rates. It is supported by formula grant that either increases or decreases as a result of demand fluctuations. The provision of places is also supported by S106 contributions and more recently CIL. Risks and issues will continue to be managed through School Place Planning sub-board and escalated to CSAB where required. The level of investment only provides for current estimated places, supported by an estimated level of grant. There is therefore a risk that grant reduces and place requirements increase. Due to the potential significance of these risks a risk factor has been applied consistent with the level in the current approved programme.

Appendix 9: Capital Programme 2019-30 and Capital Strategy 2020-41

- 5.15 **Special Educational Needs** - Proposed capital budget allocation for 2020/21 to 2029/30 is £3.6m. SEN Pupil forecasts show that there will continue to be significant increases in this cohort. Two new specialist facilities for primary and one new specialist facility for secondary will be required.
- 5.16 **Capital Buildings Maintenance** - The existing approved capital programme to 2022/23 is £16.104m, the new capital budget allocation for 2023 to 2030 is £28.000m, giving a total revised capital budget of £44.104m. This work is currently done on the basis of Priority 1 works; identified via condition reports as essential to meet health and safety requirements of the council's assets. It is proposed this strategy continues although refinement of need is required and a rationalisation of assets continues that will drive down cost. There is no specific funding attached to this investment need it is therefore funded via borrowing. This is a cash limited budget and therefore there is a risk that this might not cover all category 1 works in a financial year.
- 5.17 **Capital School Buildings Maintenance** - The existing approved capital programme to 2022/23 is £16.361m, the new capital budget allocation for 2023/24 to 2029/30 is £27.874m, giving a total revised capital budget of £44.235m. This work is currently done on the basis of Priority 1 works; identified via condition reports as essential to meet health and safety requirements of schools assets. Additionally it is considered necessary that a risk category is also applied where safeguarding issues arise that require immediate work. Currently the pot available is the grant received; it is proposed that this continues. This is a cash limited budget and therefore there is a risk that this might not cover all category 1 works in a financial year especially if safeguarding requirements emerge in year.
- 5.18 **IT&D** - The existing approved capital programme to 2022/23 is £14.281m, the new capital budget allocation for 2020/21 to 2029/30 is £55.036m, giving a total revised capital budget of £69.317m. This is for the cost of maintenance of the IT&D assets that allow the council to conduct its business. There is no funding to support this investment need so it is all funded via borrowing. Expenditure identified as basic need includes staff and member equipment refresh, server refresh, network upgrades and compliance and cyber defence. There is a risk that the profile of expenditure may change as further scoping work is undertaken and that at the authority works on understanding its risk appetite in relation to cyber security these costs may be reduced. The projects identified as basic need will enable the Council to continue to operate services that support the underpinning functioning of the organisation.

Children's Services

- 5.19 It is proposed that a one off investment is made of £0.242m to remodel two disability children's homes. By creating greater in-house capacity the costs of residential care placements in the independent sector will reduce. It is estimated that there would be a reduction in costs of £0.352m p.a., which will help to alleviate the cost pressures on the service.

General

- 5.20 Where inflation pressures have been identified as part of the individual schemes, indices appropriate to that business sector have been used; however no general inflation measure (i.e. Retail Price Index (RPI) or Consumer Price Index (CPI)) has been applied across the programme as a whole.

Strategic Investment

- 5.21 Investment beyond basic need, including asset enhancements and strategic investments will be considered separately via business cases. Business cases should support organisational strategic direction. Payback will be expected as agreed in the Business Case and will annually be used to reduce the borrowing requirement as part of affordability management. As such these will not be included in the Capital Programme until their overall impact, including funding implications, have been assessed and approved.

Considerations emerging are:

- 5.22 **Adult Social Care (ASC)** - Over recent years there have been clearly identifiable and continued changes in the demand and supply of residential and nursing care beds across the East Sussex. People are increasing choosing to stay living at home with support for as longer. This is supported the ESCC ASC policy to help people maintain their independence for as long as possible. The demand for more traditional residential placements is therefore reducing, whilst the number of people requiring nursing placements has increased because by the time a person needs a bedded care placement they are likely to have a much higher level of acuity. This is particularly the case for those with complex dementia requiring nursing and also specialist residential placements. Recent developments of new residential and nursing facilities have been targeted firmly towards the self-funding market with bed prices being considerably in excess of ESCC 'published rates'. At the same time there have been continued home closures, a number of which were older facilities that took placements within published rates. The shift in demand and market dynamics has resulted in growing concerns within ESCC over the future ability to source certain types of beds at ESCC published rates. This is particularly so in relation to standard nursing beds as well as residential and nursing beds for people with complex dementia.

Appendix 9: Capital Programme 2019-30 and Capital Strategy 2020-41

5.23 During 2019 a needs assessment into the supply and availability of care and nursing home placements across the County was undertaken. The concerns over access to dementia specific nursing and residential care are set to become more pronounced unless there is an increase in supply of beds at ESCC published rates given well-rehearsed democratic predictions. The prevalence of dementia increases with age. It is predicted that by 2035 number of people living with dementia across East Sussex will increase by 60% from 10,793 to 18,250. The density of those with dementia across the County differs. The highest rates are in the most populous coastal towns and also in the middle of the County around Uckfield and Crowborough. ESCC could help mitigate increasing risks to access to residential and nursing beds through pro-active intervention in the form of the release of surplus land for this purpose or by the Council developing new facilities to lease to the provider market. Further work will be undertaken in relation to the opportunities and risks of the following options:

- Release of land to a provider for the development of new care of nursing home facilities.
- Leasing to a provider a facility built and owned by ESCC.

5.24 **Environmental Strategy** – On 15th October 2019 the Council recognised and declared a climate emergency and resolved to a number of actions. A revised Environmental Strategy is being developed and the impact of this will be incorporated into our capital strategy to ensure that it supports the Council's ambitions on carbon emissions.

Total Proposed Additional Programme Investment

5.25 **Table 6** below shows the total proposed additional programme.

Table 6 – Total New Programme

2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Total
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
7,637	12,143	11,009	51,053	47,814	51,900	47,853	51,255	47,758	46,738	375,161

5.26 The updated capital programme and proposed investment aligned with the strategy as detailed elsewhere in this report is shown in table 6. Details of the final proposed programme are shown in appendix 3.

Appendix 9: Capital Programme 2019-30 and Capital Strategy 2020-41

Table 7 – Total

Expenditure	2019-23 £000	2023-30 £000	2019-30 £000
Current Programme Update (Table 1)	287,248		287,248
Amendments to Current Programme in MTFP (Table 3)	(1,061)		(1,061)
Amendments to Current Programme in 2023-30 (Table 4)		986	986
<i>Subtotal</i>	<i>286,187</i>	<i>986</i>	<i>287,173</i>
New Programme (Table 5)	30,789	344,372	375,161
Total	316,976	345,358	662,334

6.0 Funding

6.1 The Capital Programme is funded by a combination of government grants, capital receipts, s106/CIL contributions and other specific contributions where they can be accessed. As these do not cover the required investment in basic need the programme has historically and will continue to also be supported by borrowing. This directly impacts the revenue budget. The following paragraphs provide updates to these funding sources an update to borrowing for the current programme and the proposed borrowing implications on the MTFP in support of the extended programme to 2030.

6.2 Capital receipts

6.2.1 Property Services schedule of capital receipts available to support the Capital Programme are reviewed regularly. Capital receipts of £14.2m are now reasonably expected over the period of the current MTFP to 2022/23, with £3.1m already held in balances. This compares to the previous estimate £15.7m, and has arisen due to an increase in expected receipts and earlier than previously anticipated sales. These estimates are based on Property Officers' professional judgement on a site by site basis. The profile of receipts, however, is subject to change for various reasons and therefore for prudence (at a maximum) only the estimated balance held is profiled to be used the following year this provides for £8m of receipts available to be used in the programme 2023/30; where assets which have been declared surplus have that decision rescinded (i.e. they are re 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 for 99 years at a peppercorn rent).

Appendix 9: Capital Programme 2019-30 and Capital Strategy 2020-41

6.2.2 The council also holds a number of assets that would generate Valuing People's Needs (VPN) receipts from disposal. These relate to properties granted to the Council by the NHS for the provision of accommodation for clients with a learning disability. A condition of the property grant is that capital receipts are ring-fenced to future Learning Disability developments. Such developments are beyond basic need and therefore require a business case to be approved for inclusion in the capital programme; as such, future VPN capital receipts currently estimated at £2.5m are not included in the estimated capital receipt figure. They will be brought into the capital programme to support business cases that are in line with NHS outcomes.

6.3 Non-specific grants

6.3.1 The current approved capital programme to 2022/23 is supported by £94.3m of non-specific grants. There continues to be uncertainty in relation to these grants, 64% of which remain unconfirmed and therefore at risk. These estimates are based on current levels and formula projections.

6.3.2 The current assumption for the programme post 2022/23 to 2029/30 is that it will be supported at the same level by non-specific grants through the relevant government departments. In the case of the DfE grant for school basic need the formula makes an annual adjustment for estimated places required. Therefore this has been projected forward using a regressive analysis of percentage investment which has been agreed to be as reasonable an estimate as could be ascertained so far into the future.

6.3.3 The government is reviewing its capital budgets and new limits and updates to formula are expected to be announced in 2020 impacting on 2021/22 onward.

6.4 Section 106 (s106) and Community Infrastructure Levy (CIL)

6.4.1 The current approved programme is supported by £14.0m of S106 receipts to 2023.

6.4.2 A high level analysis shows there to be in the region of an estimated £42.6m potentially available to the council. Low risks are those already held by either the County Council or Districts and Borough which amounts to £14.6m. A further £19.8m is for developments that have commenced but the contributions are yet to be collected are reasonable to assume. A further £8.3m is estimated for contributions for developments that are yet to start, these are higher risk as developments may not go ahead and additionally there is some risk that these could potentially revert to CIL.

6.4.3 For the future programme it is proposed that a reasonable target for s106 be set and that achievement of this is managed through the s106 and CIL working group. Of the £34.4m s106 that it is reasonable to assume, £14.0m is already applied to the programme. Over half of the remaining £20.4m is on LTP schemes (see below at 6.4.4) so will enter the programme through variation and there are concerns that others are not available for use in the right areas or are for investment outside basic need. Therefore a prudent target of £5.0m has been included although work to maximise use in support of basic need will continue.

- 6.4.4 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 and are included in the Infrastructure Delivery Plans which authorities have produced to outline essential infrastructure required to support these Local Plans. CET has confirmed these schemes will be principally funded by Development Contributions including S106 and the Community Infrastructure Levy (CIL) and external funding sources. These will therefore enter the programme in line with the current variation process as and when funding streams are confirmed.
- 6.4.5 S106 agreements are being replaced by the CIL and the Council has to bid to districts and boroughs for this funding, therefore there is a risk that income from CIL will not match previous levels arising from s106 agreements. The Council is working with the Borough and District Councils to ensure basic need is prioritised effectively across the county and has been successful in securing £1.9m.
- 6.4.6 There is a new requirement for contribution receiving authorities to publish an annual 'Infrastructure Funding Statement' (IFS). The first IFS needs to be published by 31 December 2020 and will report on the financial year 2019/20. The aim of IFS is to improve transparency, increase accountability and promote infrastructure delivery. We will need to publish data on S106 and CIL monies we hold including details on allocations and spending. Borough and District Councils will also need to provide future spending priorities on infrastructure linked to their Local Plans with a statement on projects or types of infrastructure they intend will be funded by CIL. Though this new requirement will put an additional burden on us, it will provide the opportunity to actively bring processes together on monitoring, spending and promote delivery. The Council will continue to work in partnership with Borough and District Councils on infrastructure planning and delivery through the IFS and Local Plan reviews
- 6.4.7 For the future programme it is proposed that a reasonable target for CIL be set and that achievement of this is managed through the s106 and CIL working group. Current estimates of CIL pots held and to be generated via developments by Districts and Boroughs is £82.5m. The County Council cannot bid for all of these and various limits are set. Based on these limits a prudent target of £24.0m has been included for 2023/24 to 2029/30. Given the process to access CIL, there is significant risk that the priorities set in the IFS will mean that securing the Council will be unable to secure all of this funding.

6.5 Specific Grants and External Contributions

- 6.5.1 The current approved programme is supported by £58.5m of specific grants (in the main comprising of LEP funding; grant for Newhaven Port Access and Broadband) and contributions. There is currently £3.5m identified in support of the proposed programme to 2029/30.

6.6 New Homes Bonus

- 6.6.1 Revised estimates have been included based on the CTB1 returns and affordable homes data for 2020/21, this may change due to a national redistribution, however the figure will not be confirmed until the Local Government Financial Settlement has been announced.

6.7 Capital Risk Provision

- 6.7.1 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;
 - Uncertainty about delivery of projects in the programme, e.g. highways and infrastructure requirements;
 - Any as yet unknown requirements;
 - Residual project provision (previously removed) if required; and
 - Uncertainty regarding the level of government grants and the ability to meet CIL and S106 targets.
- 6.7.2 At February 2019, the Capital Risk Provision was £7.5m, which represented 2% of the programme. 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; it is proposed that this risk provision continues.

6.8 Borrowing

- 6.8.1 The current updated capital programme has a borrowing requirement for the period 2019-23 of £115.7m (before the Capital Risk Provision). The addition of the proposed programme to 2029/30 would require a further £144.3m borrowing.

Appendix 9: Capital Programme 2019-30 and Capital Strategy 2020-41

6.8.2 Current Treasury Management modelling had estimated, that for every £10m borrowed, there would be an associated revenue cost of £780,000 per annum over the current MTFP period (based on 20 year asset life) this rises to an average of £850,000 over the full life of the asset as under annuity methodology the cost increase in later years. On 9th October the Treasury announced that Public Works Loans Board (PWLB) rates would increase by 1% with immediate effect, which resulted in the comparable figures now being £900,000 per annum rising to an average of £970,000. The change, which is designed to dampen borrowing, is an indication of the volatility that is inherent in the current financial climate. As these revised rates bring PWLB rates closer to the general market, the Council will examine other rates available in the market to ensure that the best rates within our risk appetite are obtained.

6.8.3 Based on the latest PWLB borrowing rates and current Minimum Revenue Provision policy, the revenue cost of borrowing for the proposed capital strategy is:

Table 8: Additional cost of borrowing

Additional Borrowing to 2022/23 (MTFP period)	Annual Cost of Borrowing in MTFP Period	Total Borrowing Required to 2029/30	Annual Cost of Borrowing after 10 years
£m	£m	£m	£m
24.5	2.4	260.1	26.0

6.8.4 Using the treasury management model which takes a more holistic approach, for example, it reflects the repayment of loans, accounts for balances held and other cash management transactions, allows a more realistic assessment of the provision required within the Treasury Management budget, this is shown in **Table 9**:

Table 9: Annual Revenue Cost of Borrowing over the MTFP

2020/21		2021/22		2022/23		Total	
<i>Additional Borrowing</i>	Additional TM Budget Required	<i>Additional Borrowing</i>	Additional TM Budget Required	<i>Additional Borrowing</i>	Additional TM Budget Required	<i>Total Additional Borrowing</i>	Annual Cost of Borrowing by 2023
£000	£000	£000	£000	£000	£000	£000	£000
3,749	-	9,946	-	10,815	1,000	24,510	1,000

6.8.5 Where scheme specific business cases are agreed payback will be required and this will be used to reduce the borrowing need to limit the risk on the MTFP and Treasury Management budget for Minimum Revenue Provision.

6.9 Summary of Funding

6.9.1 As has been mentioned in this report, the funding of the 10 year programme is reliant on targets and estimates from external funding sources. Whilst based on the best information available there remains significant uncertainty and therefore risk. Updates through the normal RRPR process will consider these as they emerge, it is expected that further information will be available as part of the Government review of capital funding and the Spending Review 2020. Therefore this position represents our best understanding and a holding point until such time as further clarity is provided.

6.9.2 Additionally, as this programme provides for targeted basic need, any additional grants will be used to reduce the borrowing required, unless provided for a specific purpose outside of this basic need and agreed via a business case to Capital Strategic Asset Board (CSAB).

6.9.3 Table 10 below provides a summary of funding:-

Table 10 – Summary of funding

Funding Source	2019-23 £000	2023-30 £000	2019-30 £000
Capital receipts	(14,242)	(8,000)	(22,242)
Non-specific grants	(94,261)	(143,403)	(237,664)
Specific Funding: grants/external contributions/CERA	(56,442)	(2,491)	(58,933)
S106 Contributions	(14,046)	(5,000)	(19,046)
Community Infrastructure Levy	(1,900)	(24,000)	(25,900)
New Homes Bonus	(767)	-	(767)
Reserves - capital and set aside	(19,447)	(18,141)	(37,588)
Borrowing (excl. contingency)	(115,871)	(144,323)	(260,194)
Total	(316,976)	(345,358)	(662,334)

7.0 Other Corporate Strategies for Consideration

7.1 **Treasury Management (TM) Strategy** - The proposed investment has consideration directly to the TM Strategy, a specific model has been developed for the purpose. Any borrowing required is within the limits set by the TM Strategy, which sets out the acceptable limits on ratings, investment periods, amounts to be invested and the borrowing strategy.

7.2 **Property Asset Disposal and Investment Strategy** - 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. Opportunities will continue to 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 RRPR process as necessary.

8.0 Conclusion and Recommendations

- 8.1 It is recommended that the 20 Year Capital Strategy, to 2040/41, based on target driven basic need, which supports the Council's Core Offer and wider service strategies is adopted. It also allows for strategic opportunities that are outside core need that are 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.
- 8.2 In support of the Strategy it is recommended that a total capital planned rolling programme to from 2019/20 to 2029/30 of £661.067m, is adopted. The programme is structured to reflect the MTFP period (3 years) together with an additional 7 years. The programme will continue to be reviewed through the RPPR process each year to ensure it remains aligned to the MTFP, TM Strategy and funding model.

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Equality Impact Assessment for CAPITAL PROGRAMME 2019 – 2030

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 10 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 2029/30, 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										

[illegible]

[illegible]

	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	
ICT Strategy Implementation										
Communities, Economy & Transport										
Libraries Basic need										Building improvements to ensure safety.
The Keep										
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.
Bridge Strengthening										As above
Street Lighting & Traffic Signals										As above
SALIX Energy Efficiency Scheme										
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.

	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	
Hailsham Household Waste Recycling										As part of improvements consideration of access is included
Integrated Transport										
Real Time Passenger Information										Reflects the demographic of bus service users
Bexhill & Hastings Link Road										Fully funded by the Local Enterprise Partnership (LEP)
EDS Upgrading Empty Commercial Properties										
Registration Ceremonies Website										
Parking Ticket Machine Replacement										
Hastings Library										Consideration of access issues considered
Bexhill Hastings Link Road Complementary Measures										Fully funded by the Local Enterprise Partnership (LEP)
Newhaven Port Access										Fully funded by the Local Enterprise Partnership (LEP)

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Capital Strategy

2020/21 to 2040/41

CAPITAL STRATEGY 2020/21 – 2040/41



CONTENTS

1. **PURPOSE OF STRATEGY**
 2. **TECHNICAL BACKGROUND**
 3. **FRAMEWORK**
 4. **PRINCIPLES**
 5. **FUNDING**
 6. **GOVERNANCE**
 7. **RISK APPETITE**
 8. **KNOWLEDGE AND SKILLS**
- Annex A - Basic need service definitions**
- Annex B – Business case guidance**

Appendix 9a: Capital Strategy

1. Purpose of the Strategy

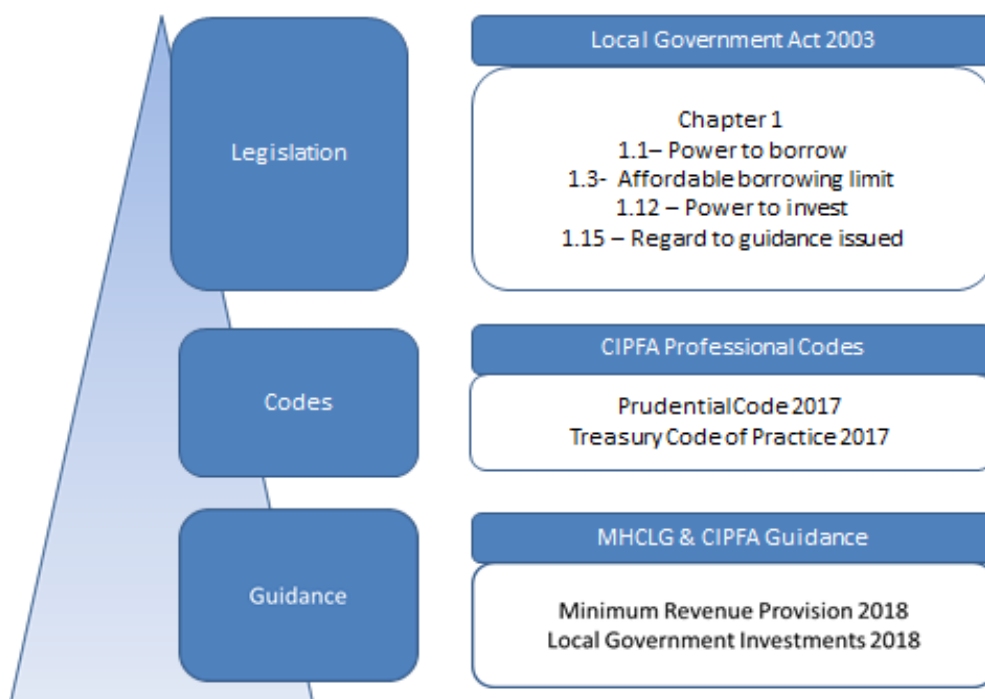
- 1.1 The purpose of the Capital Strategy is to drive the authority's capital investment ambition whilst also ensuring appropriate capital expenditure, capital financing and treasury management within the context of the sustainable, long-term delivery of services.
- 1.2 The Capital Strategy supports the Council Plan, which is our vision for a basic but decent level of service for East Sussex, in a difficult financial climate, the core offer is set out under the following priority outcomes, further information is available at:

<https://www.eastsussex.gov.uk/yourcouncil/about/keydocuments/coreoffer/coreofferindex/>

- Driving sustainable economic growth
 - Keeping vulnerable people safe
 - Helping people help themselves
 - Making best use of resources
- 1.3 The Strategy prioritises investment in assets that support the objectives of the Council Plan.
- 1.4 The aim of this Capital Strategy is also to ensure that all elected members fully understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite.

2. Technical Background

- 2.1 The Capital Strategy is framed within the following statute and guidance:



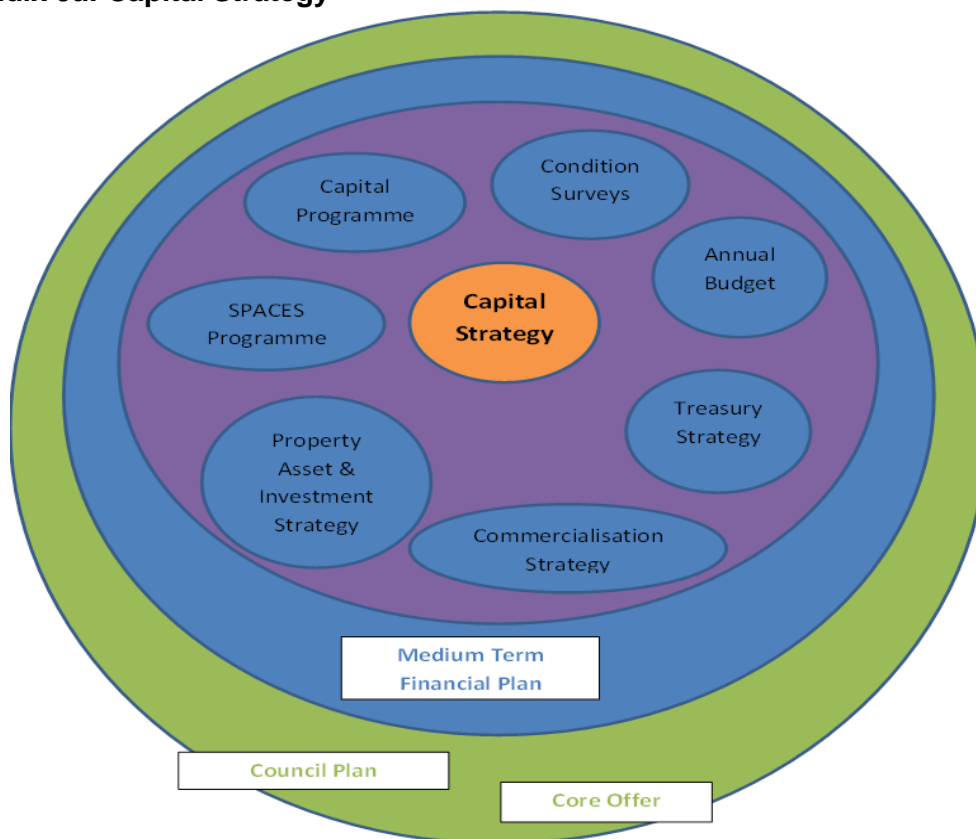
Appendix 9a: Capital Strategy

- 2.2 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 Prudential Code was updated in 2017. The revised code 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.
- 2.3 The Strategy is completed in line with best practice as outlined within the Chartered Institute of Public Finance and Accountancy (CIPFA) revised 2017 Prudential and Treasury Management Codes, it:
- Applies a long-term approach;
 - Explores external influence on Capital Strategy e.g. Local Enterprise Partnership;
 - Examines Commercial activity/ambition;
 - Determines implications of Treasury Management Strategy;
 - Ensures Council Plan priorities drive capital investment;
 - Examines available resources and capacity to deliver;
 - Assesses 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; plus a 3-year funded programme in line with the Medium term Financial Plan.
 - Identify risks and mitigation;
 - Outline Governance, monitoring processes and procedures.

3. Reconciling Policy, Performance and Resources Framework

- 3.1 The Capital Strategy is an integrated part of the Councils planning framework, Reconciling Policy, performance and Resources (RPPR). It will have an impact on and will be impacted by the other strategies and documents both internally and externally: Internally this includes:-

Appendix 9a: Capital Strategy



Name	
Council Plan	<ul style="list-style-type: none"> • Sets ambitions and plans for each of the four overarching priority outcomes: driving sustainable economic growth; keeping vulnerable people safe; helping people help themselves; and making best use of resources.
Capital Planned Programme	<ul style="list-style-type: none"> • The programme sets out for the coming 10 years the programme of capital investment that supports delivery of the Council's priority outcomes updated each year to maintain the 10 year horizon.
Medium Term Financial Plan	<ul style="list-style-type: none"> • The Medium Term Financial Plan covers up to the next five years, it is updated each year to encompass any economic or political impacts.
Annual Budget	<ul style="list-style-type: none"> • The annual budget details the intended revenue (current) expenditure for the next financial year, it allows the Council to set its Council Tax rate for that year. Including any impact from planned investment.
Capital Strategy	<ul style="list-style-type: none"> • With a scope of 20 years, the strategy sets the framework in which the capital programme is planned and allows the Council to prioritise the use of its resources to support the long term priorities.
Treasury Strategy	<ul style="list-style-type: none"> • Setting out the acceptable limits on ratings, investment periods, amounts to be invested and the borrowing strategy.
Property Asset & Investment Strategy	<ul style="list-style-type: none"> • 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.
Commercialisation Strategy	<ul style="list-style-type: none"> • Providing 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.
SPACES Programme	<ul style="list-style-type: none"> • 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.

Appendix 9a: Capital Strategy

- 3.2 To ensure the separation of the core treasury function under security, liquidity and yield principles (SLY), and the policy and commercialism investments usually driven by expenditure on an asset, the Capital Strategy is reported separately from the Treasury Management (TM) Strategy. Therefore, the debt related to the activity and the associated interest costs, payback period, Minimum Revenue Provision policy or for non-loan type investments, the cost against the current market value and the financial risks are part of the TM Strategy.
- 3.3 In addition to the internal framework there are a number of external organisations and partners who inform our capital strategies, these include, but are not limited to:
- South East Local Enterprise Partnership (*SELEP*);
 - Coast to Capital Local Enterprise Partnership;
 - District and Borough Councils via their Local Plans: There is a new requirement for contribution receiving authorities to publish an annual 'Infrastructure Funding Statement' (IFS). The first IFS needs to be published by 31 December 2020 and will report on the financial year 2019/20. Each authority IFS will improve transparency, increase accountability and promote infrastructure delivery through publication of S106 and CIL monies held, including details on allocations and spending. Districts and boroughs will also provide future spending priorities on infrastructure linked to their Local Plans with a statement on projects or types of infrastructure they intend will be funded by CIL. Providing the opportunity to actively bring processes together on monitoring, spending and promote delivery. The Council will continue to work in partnership with its districts and boroughs on infrastructure planning and delivery through the IFS and Local Plan reviews;
 - Eastbourne, Hailsham, Seaford CCG, Hastings and Rother CCG and High Weald, Lewes, Havens CCG;
 - Brighton University;
 - SPACES (*Strategic Property Asset Collaboration in East Sussex Programme*) is a partnership that includes East Sussex County Council (ESCC), all district and borough councils, Brighton & Hove City Council, three emergency services, representatives from the voluntary and community sector, NHS including Clinical Commissioning Groups (CCGs), Trusts and NHS Property Services and some central government departments such as Probation Services, Job Centre Plus (Department for Work and Pensions - DWP) and Department for Transport (DfT).
- 3.4 The Council will actively seek opportunities to engage with other partner organisations to achieve positive outcomes for our residents, using all available forums to develop connections that can be utilised to achieve mutually beneficial approaches to deliver capital projects.

4. Principles

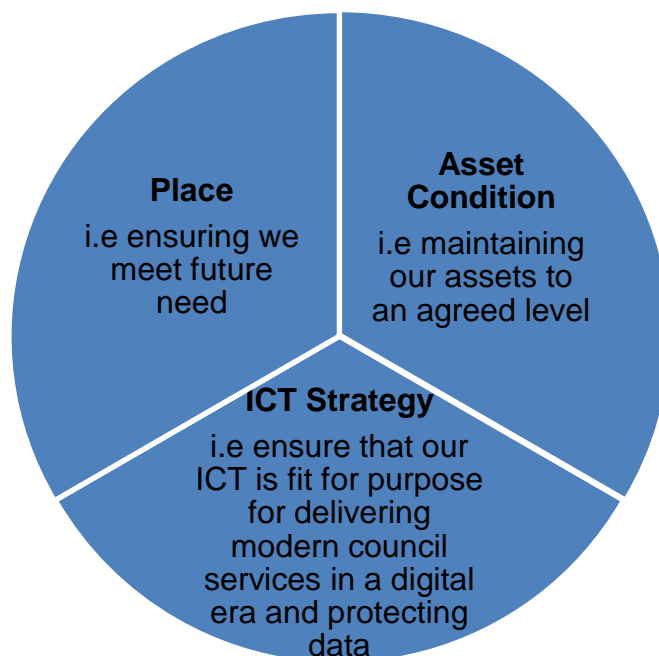
- 4.1 Capital expenditure can be defined as expenditure that results in the acquisition, construction or enhancement of an asset (e.g. land, buildings, roads, plant and equipment), that continues to benefit the Council for a period of more than one financial year. At East Sussex County Council (ESCC), 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.

Appendix 9a: Capital Strategy

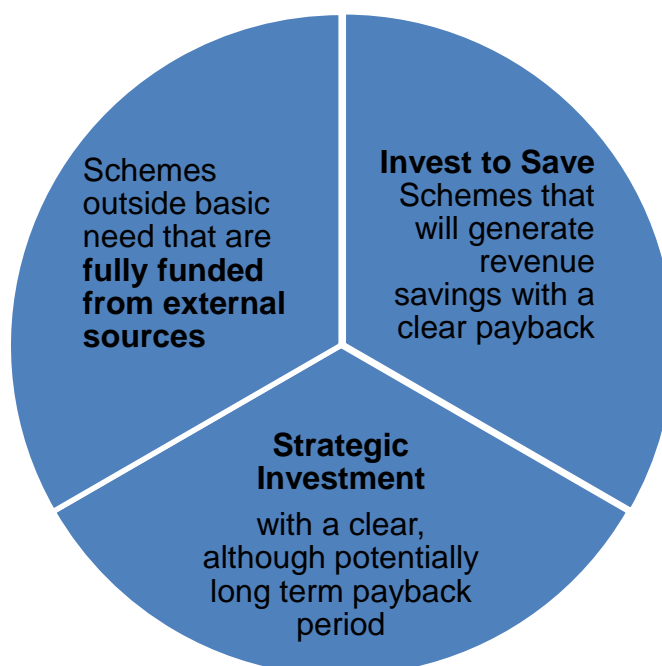
- 4.2 The strategy sets the strategic direction for next 20 years and is supported by a 10 year planned programme. Published as a separate document, the Capital Programme will be updated annually through the RPPR process, to ensure that the Council continues to focus on the right priorities and is able to react to changes in circumstances.
- 4.3 The Prudential Code requires that authorities demonstrate that they make capital expenditure and investment decisions in line with services objectives and have proper stewardship arrangements, provide value for money, are prudent, sustainable and affordable.
- 4.4 To ensure that the Council meets the requirements, it will:
- **Ensure capital expenditure contributes to the achievement of the Council's Priority Outcomes.** Capital is considered annually as part of the RPPR process, which underpins the financial planning process;
 - **Ensure investment decisions make best use of resources.** A capital and treasury model is in place to ensure that the impact of capital expenditure and use of resources is understood and a holistic view taken;
 - **Have a clear framework for making capital expenditure decisions.** Basic need provides a platform that **must** be funded. Other decisions require a business case that meet certain criteria to be approved (see Appendix B);
 - **Ensure a corporate approach to generating capital resources is established.** The approach to providing funding for capital is set out in section 5 of this strategy;
 - **Have access to sufficient long-term assets to provide services.** The Council use statistical information, including population trends and housing development plans along with asset condition surveys and regular valuations of our assets to help plan long-term need.

Appendix 9a: Capital Strategy

- 4.5 **Basic Need** - The strategy focusses on the delivery of basic need for the Council to continue to deliver our services as efficiently as possible. Basic need for the purposes of the capital strategy is, further detail is provided in in *Appendix A*:



- 4.6 **Investment Projects** - In addition to the basic need programme the Council will consider business cases for:



Appendix 9a: Capital Strategy

- 4.7 In all cases, a clear payback to the Council should be demonstrated. This payback will reduce borrowing in the year it is received and contribute to the sustainability of the programme.
- 4.8 Where a physical asset is being bought, details of market research, advisers used, (and their monitoring), ongoing costs, investment requirements and any credit information must be disclosed, including the ability to sell the asset and realise the investment cash (in line with good practice this will not be ring-fenced but treated as a general capital receipt).
- 4.9 If the Council borrows to fund any non-treasury (strategic) 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.

5. Funding

- 5.1 The Councils Capital Programme is funded from a range of sources including:
- **Prudential Borrowing** – The introduction of the Prudential Code in 2004 allows 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 which will be considered via the RPPR process.
 - **External Grants for Specific Purposes** – mainly grant allocations from central government departments including the Department for Education and the Department for Transport, to deliver specific schemes.
 - **External Grants for Non-Specific Purposes** – grant allocations for the delivery of the Council's capital plans, but are not for specific purposes, any grants attracted are used to fund the existing capital programme, reducing the Councils need to borrow.
 - **S106 Contributions** – some projects within the Capital Programme are funded by contributions from private sector developers. Where applicable we request contributions for infrastructure such as roads and transport, schools, libraries, household waste recycling centres and rights of way relating to development that has an impact in East Sussex.
 - **Community Infrastructure Levy (CIL)** - CIL is a standard charge on developments used to fund a wide range of infrastructure that is needed because of the development. The Charging Authorities (District & Borough Councils) are required to produce a CIL Charging Schedule, which sets out the rates of CIL to be charged on development, East Sussex County Council can then approach the Charging Authority to drawdown some or all of the CIL to fund infrastructure projects.
 - **Other External Contributions** - Other organisations and partners may from time to time make a contribution towards the delivery of a specific capital project.
 - **Revenue Funding** – The Council can use revenue resources to fund capital projects, where these have been approved. There is no planned revenue contribution to capital outlay, other than New Homes Bonus (see below).

Appendix 9a: Capital Strategy

- **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** – The Council has set aside funds in a reserve that can be drawn upon to fund capital schemes, however reserves can only be used once and therefore are a finite resource.
- **New Homes Bonus** – New Homes Bonus is a (non-specific) revenue grant given by Central Government to Councils which is based on the number of homes build or brought back into habitation in the previous year, and is payable for four years. New Homes Bonus can be used to fund revenue or capital expenditure. This will be decided annually through the RPPR process.

5.2 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 dependant on allocations for any specific items of investment set aside for future years)
- d. Non-specific grants
- e. Capital receipts
- f. Borrowing

5.3 **Leasing** - Lease obligations are similar to borrowing as they have an ongoing revenue budget commitment. Leasing will be considered following due diligence over the life of the asset, comparing the financial and non-financial benefits and risks to the Council owning and delivering such assets itself.

5.4 The Capital Strategy is reported separately from the Treasury Management Strategy Statement.

6. Governance

6.1 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 RPPR budget report sets the capital funding availability for the Council. This is updated and approved by Full Council as part of the Council's RPPR State of the County report;
- All schemes are formally approved into the capital programme by following the process set out in the financial regulations;
- With the exception of strategic projects supported by a business case (see 1.3.2) Basic need will 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;

Appendix 9a: Capital Strategy

- Each scheme must be under the control of a responsible person/project manager.

Appendix 9a: Capital Strategy

- 6.2 The Council has a Capital Strategic Asset Board (CSAB), a cross-departmental group consisting of officers from each service department, finance, property and procurement. CSAB oversees the development and delivery of the Council's capital programme.
- 6.3 Departmental Capital Boards/sub boards exist for the school basic need programme and related projects, Communities, Economy and Transport and Information, Technology and Digital.
- 6.4 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.
- 6.5 Governance arrangements, including risk management (see section 7), will be reviewed to ensure that it remains fit for purpose and is in line with best practice.

7. Risk

- 7.1 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.
- 7.2 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, wider national and global economics.
 - A credit and counterparty risk 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 Priority Outcomes.
 - 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.
 - 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 that balance oversight and efficiency.
- 7.3 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.
- 7.4 The Council aims to minimise its exposure to unwanted risks – risks that are avoidable and which carry no commensurate reward for the Council – through a range of cost effective mitigation strategies.
- 7.5 To ensure that risks to the delivery of the capital programme, a structured framework of planning and monitoring is maintained as detailed in section 6, which is intended to identify those schemes at risk of non or late delivery.

Appendix 9a: Capital Strategy

- 7.6 The Council maintains a contingency at a corporate level, to mitigate possible risks arising from the capital programme. Control of this contingency is maintained by the CSAB, which operates within the normal governance arrangements (see section 6).
- 7.7 As part of capital planning, a number of potential projects or needs for additional funding maybe identified, these are added to a register of such schemes, with the risks and impacts analysed. The CASB will review these on a regular basis and commission further work as necessary to bring the business cases forward if risk is deemed to have developed to a point where further action is required.

8. Skills and Knowledge

- 8.1 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 a qualified accountant.

BASIC NEED SERVICE DEFINITIONS

1. Place

- 1.1 The overarching principle of “Place” is that the Council ensures that it is investing in its assets to meet future need. The areas of agreed investment are:

1.2 Schools Basic Need Programme

- 1.2.1 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.
- 1.2.2 The programme will recognise the potential need for additional primary school places in areas of new housing development together with the increase in secondary school places required for those children already at primary school, which reflects an historic increase in births.

1.3 Economic Development including Place Shaping

- 1.3.1 A Council’s priority outcome is to drive sustainable growth. Working with our partners, the Council will include in its capital programme schemes that support this outcome.
- 1.3.2 The Council will consider, as part of the “Other Investments” outside of basic need, schemes that will provide long-term benefits and demonstrate payback of the initial investment.

1.4 House Adaptations

- 1.4.1 House adaptations for both adults and children are an important element of allowing people to remain in their homes (District & Boroughs) or in accommodation, which meets their needs (County).
- 1.4.2 Working alongside our partners in Districts and Boroughs to ensure Disabled Funding Grant is utilised, along with our own resources, to provide the best outcomes for our residents.

1.5 Integrated Transport

- 1.5.1 The integrated transport delivers the objectives of the County’s Local Transport Plan, which is complemented five-year implementation plans, delivering priority schemes. The schemes to be delivered are only added to the capital programme when external grant or contributions have been secured.

2. Asset Condition

- 2.1 The overarching principle of “Asset Condition” is that the Council ensures that it is investing in its assets to maintain a basic level of condition, which allows the Council to deliver its Priority Outcomes, meeting any security and health and safety requirements. The areas include:

BASIC NEED SERVICE DEFINITIONS

2.2 Highways Structural Maintenance

- 2.2.1 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 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.
- 2.2.2 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.
- 2.2.3 We receive many requests to install physical features to prevent driving or parking in unsuitable places. All requests are assessed by the Road Safety team and will not be taken forward unless the location meets the criteria used by our scoring system.
- 2.2.4 If we can improve safety by making minor changes, this will be carried out as part of the highways maintenance programme. However, more complex improvements, such as traffic calming schemes, pedestrian crossings or cycle lanes are funded from our budget for transport improvements and undergo a strict scoring process.
- 2.2.5 To ensure that highways drainage is adequate to meet the needs of maintaining safe roads and, as the occurrence of extreme weather events increases, is able to cope with those events

2.3 Bridge Strengthening/Street Lighting/Traffic Signals

- 2.3.1 As traffic continues to increase on our roads there is requirement for a programme of bridge strengthening and replacement to ensure they remain safe.
- 2.3.2 To ensure that street lighting is adequate and, as the existing stock comes to the end of its life, it is replaced with modern, energy efficient, technology that also addresses the issue of light pollution.
- 2.3.3 To ensure that the maintenance of traffic signals is adequate to meet the needs of maintaining safe roads and that meet the needs of all users.

2.4 Rights of Way

- 2.4.1 Maintaining and protecting the public's right to use the 2000 miles (3,500km) of footpaths, bridleways and byways in East Sussex.

BASIC NEED SERVICE DEFINITIONS

2.5 Real Bus Information

- 2.5.1 Real Time Passenger Information (RTPI) has been introduced in East Sussex to help provide better, more reliable information about bus services. The County Council continues to work with neighbouring local authorities and bus operators to roll out the system, which enables live bus times (real time information) to be displayed on electronic RTPI signs installed at a number of major bus stops and also on the Traveline website, text messages and smartphone apps..

2.6 Building Maintenance - schools

- 2.6.1 Work related to legislation, statutory requirement, health and safety and urgent repair work, as identified via the condition surveys and plans that ensure that schools are maintained at a minimum requirement, including the provision of temporary classrooms, plans based on birth rates and population projections are included in the Place (see section 1.2 above).

2.7 Building Maintenance – non schools

- 2.7.1 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.

2.8 Libraries

- 2.8.1 To maintain libraries in a safe and suitable condition from which to deliver the outcomes of the Libraries Strategic Commissioning Strategy.

2.9 Energy Efficient Projects

- 2.9.1 Where funding from Salix can be attracted that pays back the investment, these will be added to the capital programme.

3. IT&D Strategy Programme

- 3.1 The overarching principle of the IT&D strategy is to ensure that our Information and Communications Technology (ICT) is fit for purpose for delivering modern council services in a digital era and protecting any data held.
- 3.2 The business has a dependent on a basic level of 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, services that support the rest of the organisation.
- 3.3 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.

BASIC NEED SERVICE DEFINITIONS

- 3.4 In order to stay ahead of business user expectation, investment in developing current systems is fundamental. Failure to keep pace with technological development will, in the short-term, paralyse Council infrastructure. 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.

BUSINESS CASE GUIDANCE

- B1. The Council does not prescribe how a business case should be made but a template is available for services to use as necessary. There are also some basic principles.
- B2. The 5-Case Business Case model, as recommended by HM Treasury, sets out some basic questions that all business cases should answer.

The Strategic Case

- **Is the proposal needed?**
 - Will it further the Council's objectives?
 - Is there a clear case for change?

The Economic Case

- **Is it value for money?**
 - Have a range of options been considered?
 - Is it the best balance of cost, benefits and risk?

The Commercial Case

- **Is it viable?**
 - Is there a supplier who can meet our need?
 - Can we secure a value for money deal?

The Financial Case

- **Is it affordable?**
 - Are the costs affordable and realistic?
 - Is there funding available and is it supported?
 - Is there a clear payback?

The Management Case

- **Is it achievable?**
 - Are we capable of delivering the project?
 - Do we have robust systems and processes in place?

Appendix 10: Fees and Charges

Proposed fee over 2.5% set during Q3 2019/20

Dept	Service Area	Description	Current (£)	Proposed (£)	Movt (%)
ASC	DPS Day Care	Day Care charges - current capped clients	30.00	50.00	66.7%
BSD	Deferred Payments Assessments	Start up (Bus ops)	40.40	69.00	70.8%
BSD		Annual Fee (Bus ops)	100.47	150.00	49.3%
GOV		Redemption (Legal)	263.00	313.88	19.3%
BSD		Redemption (Bus ops)	31.62	62.00	96.1%
BSD		Redemption (FABA)	19.26	39.00	102.5%
BSD	ESCAPE	all items	various	various	10%
CSD	Lansdowne Residential Home	Secure Accommodation Charges (7 beds per night charge)	985.00	1,080.00	9.6%
CSD	SLES Work Experience - H&S Checks for W.Ex Placements; Non-ESCC maintained are buying Work Experience service via webshop	Std H&S Check	45.00	46.35	3.0%
CSD		Out of Area H&S Check	65.00	66.95	3.0%
CSD	BUZZ Active	Sailing and windsurfing stages 2, 3, 4 (private one to one 3 x 4.5 hours sessions)	180.00	230.00	27.8%
CSD		Holiday kayak paddle power passport course Paddle Discover award	122.50	131.50	7.3%
CSD		Holiday kayak paddle power Explore Award	122.50	131.50	7.3%
CSD		Away race event participant	0.00	25.00	NEW
CET	Transport Development Control - Pre-application service for planning applications	Up to 10 Dwellings	204.00	210.00	2.9%
CET		11-30 Dwellings	428.00	440.00	2.8%
CET		31-50 Dwellings	857.00	880.00	2.7%
CET		51-80 Dwellings	1,306.00	1,340.00	2.6%
CET	Transport Development Control	Small scale developer-led highway works which do not warrant a full legal agreement Licenced under S171 Highways Act; 10% of works cost subject to min fee as presented right	280.00	290.00	3.6%

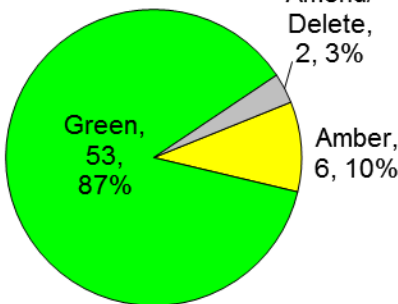
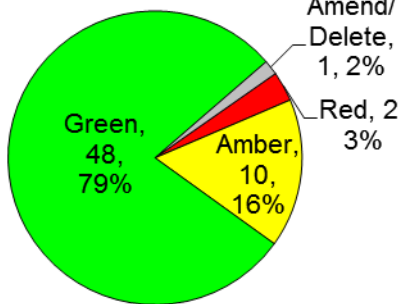
Appendix 10: Fees and Charges

Dept	Service Area	Description	Current (£)	Proposed (£)	Movt (%)
CET	Transport Development Control - Highway Extent related queries	For provision of a highway extent and plan which can involve investigation	34.00	35.00	2.9%
CET		Traffic schemes questions is for details of a specific planned scheme	21.25	22.00	3.5%
CET		Copy Agreement - is for electronic copies of either a Sec 38 or Sec 278 agreement	10.20	10.50	2.9%
CET	Land Charges	Land Charge Fees for CON29	10.00	17.00	70.0%
CET	Highways	Admin fee - Amendments and changes	0.00	58.28	NEW
CET		Section 50 licence	440.00	550.00	25.0%
CET	Libraries	Reservation Charge	0.80	1.00	25.0%
CET		Fines	0.20	0.25	25.0%
CET		Lost Library Card	1.50	2.00	33.3%
CET	Registration - ceremonies	Premium Citizenship Ceremony	250.00	350.00	40.0%
CET		Non-Stat Ceremony	250.00	350.00	40.0%
CET		Exchange of Rings Ceremony	100.00	150.00	50.0%
CET	Registration - RO Marriage/CP - Mon-Thu	Tier 3 - Council Chambers and Court Room	270.00	280.00	3.7%
CET		Tier 4 - Evelyn Room	315.00	325.00	3.2%
CET		Tier 5 - Ainsworth Room	365.00	375.00	2.7%
CET	Registration - RO Marriage/CP - Fri-Sun	Tier 3 - Council Chambers and Court Room	395.00	405.00	2.53%
CET	Registration - AMP Marriage	AMP Marriage/CP - Mon-Thu	525.00	545.00	3.8%
CET		AMP Marriage/CP - Fri - Sun	575.00	595.00	3.5%
CET		AMP Marriage/CP - Sat	575.00	595.00	3.5%
CET		AMP Marriage/CP - Sun	575.00	595.00	3.5%
CET		AMP Marriage/CP - Bank Holidays	625.00	645.00	3.2%
CET	Registration - SG Package Evelyn Room Mon-Thu	VIP	470.00	482.00	2.6%
CET	Travellers Sites	Rentals at Hailsham, Maresfield, Polegate & Robertsbridge	62.29	65.62	5.3%
CET		Service charges at Bridie's Tan	5.00	6.00	20.0%

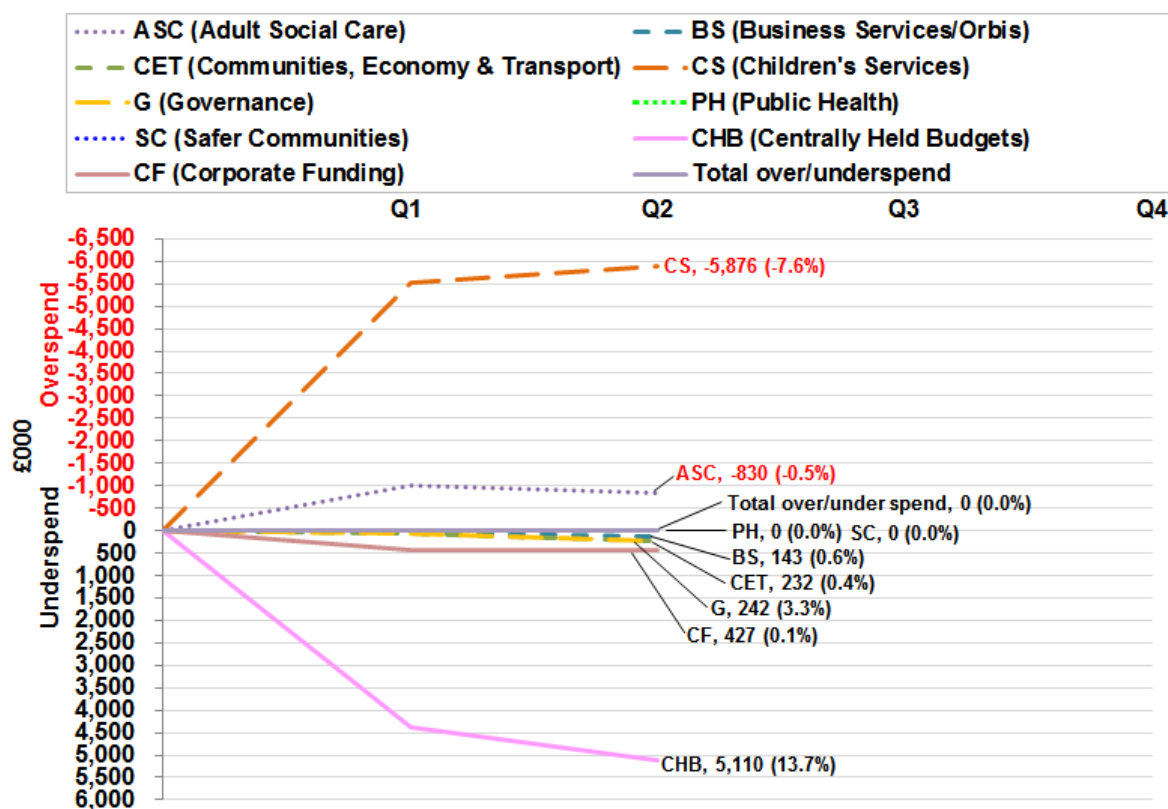
Council Monitoring Corporate Summary – Q2 2019/20

Council Plan performance targets

Priority	Red	Amber	Green	Amend / Delete
Driving sustainable economic growth	2	5	20	0
Keeping vulnerable people safe	0	0	11	0
Helping people help themselves	0	3	16	1
Making best use of resources	0	2	1	0
Total	2	10	48	1

Q2 2019/20	Q1 2019/20	Q2 2019/20
<p>There are 61 individual measures in the Council Plan.</p> <ul style="list-style-type: none"> Appendix 2 ASC&H – 2 amber Appendix 3 BSD – 2 amber Appendix 4 CSD – 2 red, 4 amber Appendix 5 CET – 2 amber, 1 amend/delete 	 <p>Green, 53, 87%</p> <p>Amber, 6, 10%</p> <p>Amend/Delete, 2, 3%</p>	 <p>Green, 48, 79%</p> <p>Amber, 10, 16%</p> <p>Red, 2, 3%</p> <p>Amend/Delete, 1, 2%</p>

Revenue budget outturn (net £000)



Revenue budget summary (£000)									
	Planned (£000)			Q2 2019/20 (£000)					
				Projected outturn			(Over) / under spend		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
Service Expenditure									
Adult Social Care	262,709	(91,594)	171,115	267,562	(95,617)	171,945	(4,853)	4,023	(830)
Safer Communities	583	(247)	336	1,128	(792)	336	(545)	545	-
Public Health	29,092	(29,092)	-	28,162	(28,162)	-	930	(930)	-
Business Services	47,224	(23,975)	23,249	47,902	(24,796)	23,106	(678)	821	143
Children's Services	320,769	(243,457)	77,312	329,391	(246,203)	83,188	(8,622)	2,746	(5,876)
Communities, Economy & Transport	117,283	(57,974)	59,309	116,576	(57,499)	59,077	707	(475)	232
Governance Services	8,303	(937)	7,366	8,120	(996)	7,124	183	59	242
Total Service Spend	785,963	(447,276)	338,687	798,841	(454,065)	344,776	(12,878)	6,789	(6,089)
Centrally Held Budgets (CHB)									
Treasury Management	20,186	(2,600)	17,586	18,355	(2,000)	16,355	1,831	(600)	1,231
Capital Programme	2,300	-	2,300	2,300	-	2,300	-	-	-
Unfunded Pensions	10,338	-	10,338	10,199	-	10,199	139	-	139
General Contingency	3,570	-	3,570	-	-	-	3,570	-	3,570
Contrib to Reserves	6,653	-	6,653	6,617	-	6,617	36	-	36
Apprenticeship Levy	600	-	600	579	-	579	21	-	21
Levies, Grants and Other	984	(4,823)	(3,839)	894	(4,846)	(3,952)	90	23	113
Total CHB	44,631	(7,423)	37,208	38,944	(6,846)	32,098	5,687	(577)	5,110
Corporate Funding									
Business Rates	-	(84,325)	(84,325)	-	(84,752)	(84,752)	-	427	427
Revenue Support Grant	-	-	-	-	-	-	-	-	-
Council Tax	-	(290,684)	(290,684)	-	(290,684)	(290,684)	-	-	-
New Homes Bonus	-	(886)	(886)	-	(886)	(886)	-	-	-
Total Corporate Funding	0	(375,895)	(375,895)	0	(376,322)	(376,322)	0	427	427
Total	830,594	(830,594)	0	837,785	(837,233)	552	(7,191)	6,639	(552)
Use of reserves to cover remaining deficit	-	-	-	(552)	-	(552)	552	-	552
FINAL TOTAL	830,594	(830,594)	0	837,233	(837,233)	0	(6,639)	6,639	0

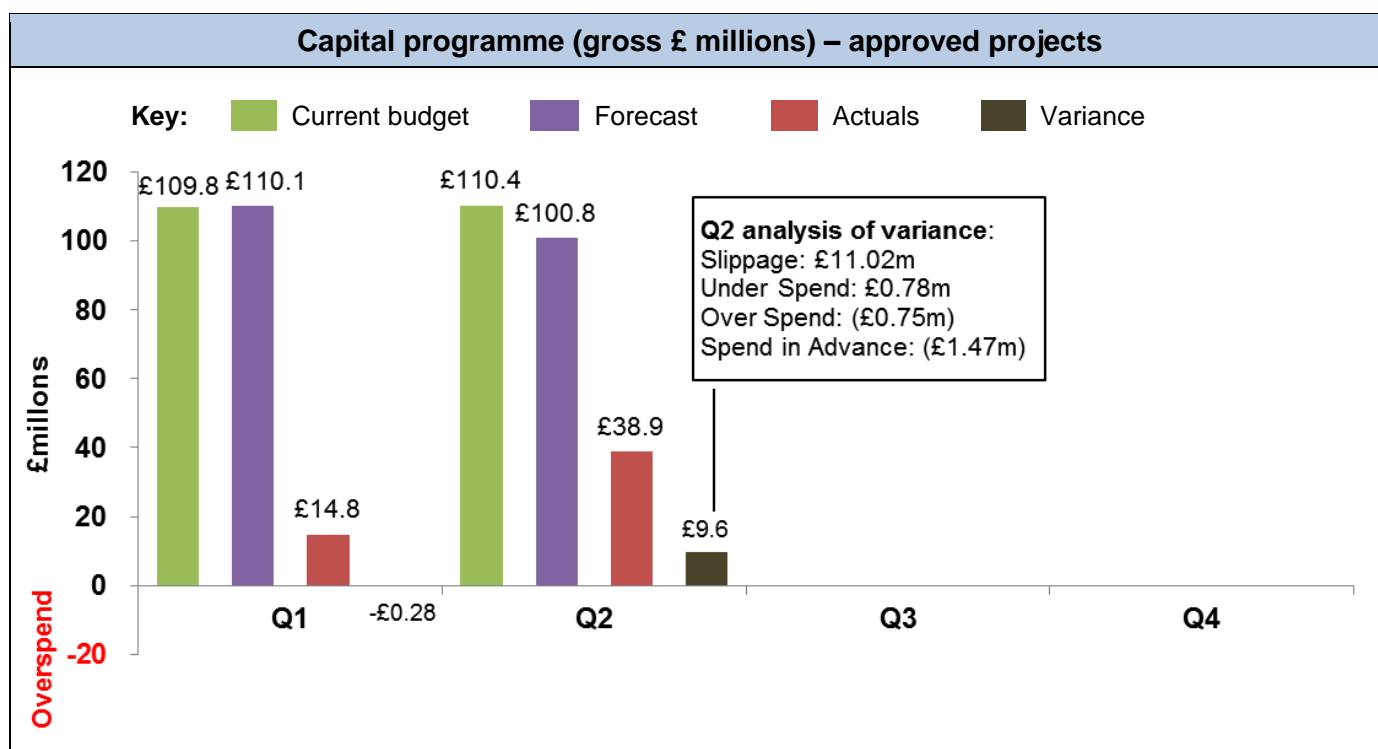
Revenue Savings Summary 2019/20					
Service description	2019/20 (£'000) – Q2 Forecast				
	Original Target for 2019/20	Target including items c/f from previous year(s)	Achieved in-year	Will be achieved, but in future years	Cannot be achieved
Savings					
ASC	730	6,817	6,211	606	-
BSD / Orbis	1,003	1,003	1,003	-	-
CS	1,049	3,640	2,382	1,258	-
CET	2,349	2,636	1,786	850	-
GS	-	-	-	-	-
Total Savings	5,131	14,096	11,382	2,714	0
ASC			-	-	-
BSD / Orbis			-	-	-
CS			-	-	-
CET			-	-	-
GS			-	-	-
Subtotal Permanent Changes ¹			0	0	0
Total Savings & Permanent Changes	5,131	14,096	11,382	2,714	0

Memo: treatment of savings not achieved in the year (£'000)	Temporary Funding ²	Part of reported variance ³	Total
ASC	-	606	606
BSD / Orbis	-	-	-
CS	1,258	-	1,258
CET	850	-	850
GS	-	-	-
Total	2,108	606	2,714

¹ Permanent changes will replace a previously agreed saving that can no longer be achieved. It is done via approval of quarterly monitoring.

² Temporary funding will only replace a slipped or unachieved saving for one year; the saving will still need to be made in future years (or be replaced with something else).

³ The slipped or unachieved saving will form part of the department's overall variance - it will either increase an overspend or decrease an underspend. The saving will still need to be made in future years (or be replaced with something else).



Capital programme summary (£000)									
Approved project	Total project – all years*		2019/20 (€000)						
			In year monitor Q2				Analysis of variation		
	Budget	Projected	Budget	Actual to date	Projected 2019/20	Variation (over) / under budget	(Over) / under spend	Slippage to future year	Spend in advance
ASC	10,409	10,409	2,017	1,095	2,017	-	-	-	-
BSD	278,673	278,673	41,981	15,334	36,891	5,090	5	5,394	(309)
CS	27,311	27,193	1,840	1,661	1,722	118	25	93	-
CET	569,079	569,079	64,534	20,843	60,160	4,374	-	5,534	(1,160)
GS	-	-	-	-	-	-	-	-	-
Total	885,472	885,354	110,372	38,933	100,790	9,582	30	11,021	(1,469)
Scheme Specific Income			39,780		39,780	-			
Capital Reserves			10,510		10,510	-			
Non Specific Grants			37,605		37,605	-			
Capital Receipts			4,757		4,757	-			
Revenue Contributions			3,856		3,856	-			
Borrowing			13,864		4,282	(9,582)			
Total			110,372		100,790	(9,582)			

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

Centrally held budgets (CHB) and Corporate Funding

The Treasury Management Strategy, which provides the framework for managing the Council's cash balances and 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 remain above the BoE bank base rate of 0.75%; however there is market uncertainty with political events in the UK and in the run up to the 31 October Brexit deadline. The average level of Council funds available for investment purposes during the quarter was £221m. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of Council Tax receipts, external debt repayments, receipt of grants and progress on the Capital Programme. The total amount received in short term interest for the quarter was £590k at an average rate of 1.06%.

The majority of the Council's external debt was held as long term loans (£239.2m). On 30 September a £1.3m PWLB loan matured at 8.13% and during 2019/20 a further £2.6m of fixed term PWLB debt will mature in December and March; this historic debt is at coupon rates of 7.88% and 8.5%. No additional short or long term borrowing was undertaken in the quarter and no further cost effective opportunities have arisen to restructure the existing PWLB or wider debt portfolio.

There is currently an estimated £1.2m underspend, which has increased from Q1 by £0.6m, reflecting that the Council is unlikely to borrow this year. Noting that there is continued uncertainty around the impact of Brexit, and other Treasury Management considerations, meaning there could be fluctuations in forecasts over the year. The current forecast accounts for this uncertainty, and will be used to offset service overspend in the first instance.

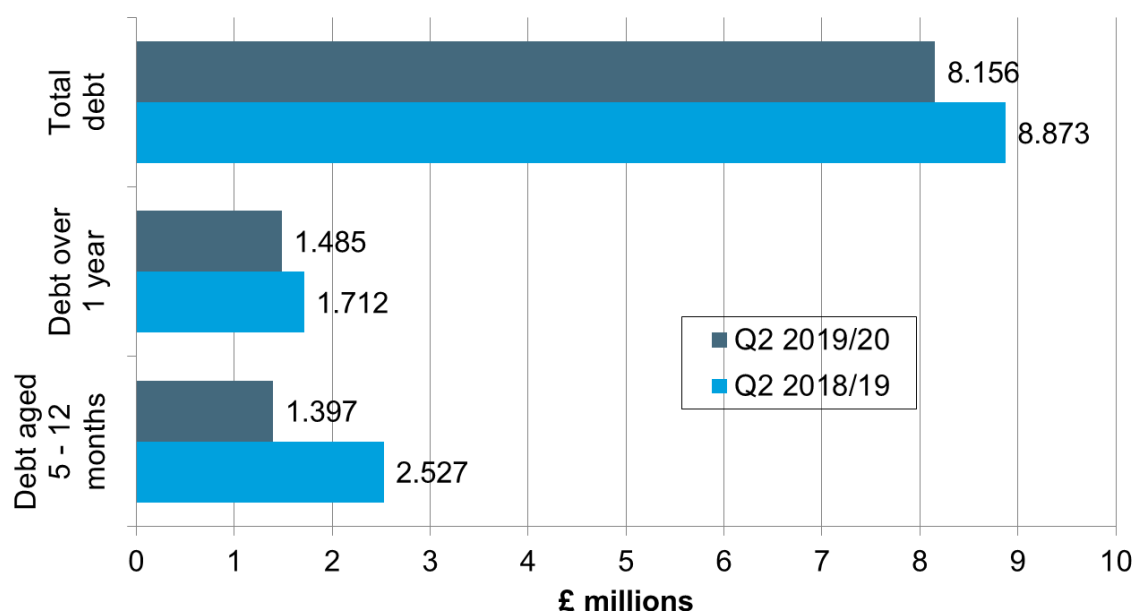
The Council holds a general contingency of £3.6m that will offset the deficit; the remaining deficit will be covered through use of reserves.

General balances

The General Fund balance was £10.0m as at 30 September 2019. General balances allow the Council to manage unforeseen financial circumstances without the need to make immediate savings.

The Schools balances as at 30 September 2019 were £14.2m.

Outstanding debt analysis (£ millions)



The value of debt over 5 months at Quarter 2 has increased by £0.707m to £2.882m, compared to the 2018/19 outturn of £2.176m.

However, the value of debt compared to the same period last year has decreased substantially by £1.357m (32%).

The value of invoiced income continues to rise. An extra £4.4m was invoiced for services up to Quarter 2 this year compared to Quarter 2 in 2018/19.

The collection of income continues to be a high priority focus area. Priorities for Quarter 3 include the testing and roll out of an improved auto debt recovery process relating to estate cases and becoming AUDDIS (Automated Direct Debit Instruction Service) compliant with our bank as a pre-requisite to enable paperless direct debit collection, (providing the business case supports this approach).

Adult Social Care and Health – Q2 2019/20

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

Adult Social Care (ASC)

Health and Social Care Integration – Health and social care partners have developed the first draft of the East Sussex place-based plan for 2020/21 in response to the NHS Long Term Plan. The new East Sussex Health and Social Care System Partnership Board will be responsible for assuring delivery of the plan which will be finalised in December 2019. We have also provided Sussex Health and Care Partnership Integrated Care System (previously referred to as STP) with the plan to enable a Sussex response to the NHS Long Term Plan. There are three place-based plans for East Sussex, West Sussex and Brighton & Hove, in addition to the things that will be taken forward on an Integrated Care System wide basis.

Right Referral Right Time – This year a project has been delivered to ensure all GP surgeries in East Sussex have access to a digital service to request advice and guidance from hospital consultants to prevent unnecessary referrals to hospital. The project has also introduced a monthly clinical reference group to review referrals that led to no further action at hospital and look to understand how these type of referrals can be reduced by education or improved processes. There have been 4,000 fewer hospital referrals so far this year compared to the same time last year. A further expansion of this project will review the number of pathology tests requested by GPs to optimise the use of the testing service at the hospital. NHS Improvement (NHSI) are supporting this part of the project providing a national pathology expert to advise on how we can improve.

Locally Commissioned Respiratory Service – Following the introduction of a service managed by our GP community to provide care for Chronic Obstructive Pulmonary Disease patients we have seen a reduction in emergency admission for these patients, as they can now access the right care locally to manage their condition better and also when the condition exacerbates. The service works in an integrated way with our hospitals to make sure patients have a seamless pathway.

East Sussex Integrated Dataset – During Q2 we approved a project to provide an integrated dataset of health and social care data. The outcomes of the project will be:

- Linked data for NHS and councils to improve population health outcomes, reduce health inequalities and transform and improve services.
- More life-course, whole-pathway and holistic analyses and understanding of patient journeys.
- Identification of patterns and trends which will assist improvements in prevention, care, treatment and support – including predictive analytics.
- Support for a culture of collaborative problem solving across our system.

Minimising unnecessary delayed discharges from hospital – Between April and August 2019 there were an average of 47.2 delayed transfers from hospital care per day, an improvement from 90.2 in the same period in the 2017 (the baseline year), equating to a 48% reduction. This can be broken down as follows:

- An average 37.7 delayed transfers due to the local NHS, this has improved from 53.0 in the same period in 2017 (a 29% reduction).
- An average 8.2 delayed transfers due to Council social services, this has improved from 35.2 in the same period in 2017 (a 77% reduction).
- An average 1.3 delayed transfers jointly attributable to ASC and the NHS.

Although the target of 39.8 for all delays and the target of 24.4 for NHS delays is not being achieved, implementation of a number of actions to reduce Delayed Transfers of Care (DToC) within the county such as Discharge to Assess beds (designed to avoid unnecessary admissions to acute hospitals and, where an admission is necessary, ensure that people are discharged as soon as is safe and practical back to their own homes, or as close to home as possible) have led to a significant reduction from the 2017 baseline.

We will be continuing to implement a number of actions to reduce DToC in the county.

Reabling people to maximise their level of independence – Reablement services are provided to help people to regain mobility and daily living skills, especially after a hospital stay. A range of measures are used to look at how effective reablement services are:

- 74% of service users discharged from the Joint Community Rehabilitation Service in Q2 required no on-going care.
- Between April and June 2019, 90.8% of older people discharged from hospital to reablement / rehabilitation services were at home 91 days after their discharge from hospital.
- Between October 2018 and September 2019, 92.5% of people who received short-term services to increase their independence made no further request for support.

Enabling people to live independently at home and delaying dependency

- 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 or medication dispensers. At the end of September 2019, 8,339 people were receiving TECS.
- The rates of permanent admissions to residential / nursing care between April and September 2019 are on track to meet targets:
 - The rate of permanent admissions of older people is 255.0 per 100,000 population aged 65 and over. Performance is on track to meet the target of 494.0 which would be a reduction on the rate of admissions made in 2018/19 (497.6). This is one of the key measures contained within the Better Care Fund (BCF).
 - The rate of permanent admissions of working age adults is 6.5 per 100,000 population aged 18 to 64. Performance is on track to meet the target of 12.8 which would be a reduction on the rate of admissions made in 2018/19 (14.4).

Adults are able to take control of the support they receive

- There are currently 238 members signed up to Support with Confidence. This is made up of 188 Personal Assistants (PA's) and 50 businesses. In addition to these, there are 78 current applications being processed (73 PA's and five businesses).
- At the end of Q2, 33.0% of working age and older clients were receiving Direct Payments. This equates to a total of 1,581 people. Direct Payments are offered to all clients where appropriate and support is in place at the start of the process to ensure as many clients as possible take up Direct Payments and continue to receive them for as long as required.

Adults are supported to find and keep safe and affordable accommodation.

- 1,065 people were supported in Q2 through STEPS to Stay Independent to maintain their independence and provided with advice and support on topics such as debt, welfare and healthy lifestyles.
- 1,105 people were supported through the Home Works service to find and keep safe and affordable accommodation and to improve their health, wellbeing and independence.

Safer Communities

The Safer Communities Partnership priorities and work streams from 2020 to 2023 were approved at the Safer Communities Board in September 2019. These were developed in partnership with East Sussex Safeguarding Children Partnership and Safeguarding Adults Board. Alongside existing work streams, partners wished to focus on preventative activity in the three following priority areas:

- Prevent and protect vulnerable adults, young people and our communities from being exploited by serious and organised criminals in relation to county lines, modern slavery & human trafficking, and fraud-related harm.
- Prevent and protect individuals from becoming victims of serious violent crime, including knife crime.
- Prevent and protect individuals from the serious harm of domestic violence & abuse; rape and sexual violence and abuse; stalking and harassment; and harmful practices.

In addition to these priority areas, a cross cutting theme was identified:

- Raise awareness of online safety and encourage young people to develop a positive and healthy relationship with social media, the internet and mobile phones.

Vulnerable People being Exploited & Recruited by Organised Crime Groups – A Communities Against Exploitation session took place at St Barnabas Church in Bexhill this September. The session was aimed at local organisations to help raise awareness of the different types of exploitation locally. Following the session 100% of attendees 'agreed' or 'strongly agreed' that they would be confident about reporting or sharing information if they thought someone was being exploited. The Safer East Sussex Team also attended the Festival of the Sea weekend to continue raising awareness of exploitation to the hundreds of people who visited the Festival this year.

Modern Slavery and Human Trafficking – The first Modern Slavery First Responder training sessions for local authorities were delivered in partnership with the Safeguarding Adults Board, Stop the Traffik and Sussex Police in Q2. Key staff from ASC and colleagues from Rother District Council learnt about the changes to the national referral mechanism, which is a process for identifying victims and ensuring they receive the appropriate support. Practical activities included engaging with potential victims and how to refer using the new Modern Slavery pathway in East Sussex.

Substance Misuse Service – The new substance misuse treatment service is being embedded and is making strong links with other community assets in order to provide a holistic and person centred approach to treatment. A

celebration of recovery was held at St Mary in the Castle in Hastings, and included art work, music and recovery stories from members of the recovery community. A range of projects, including all our commissioned services, contributed, reflecting the many different routes to recovery.

Domestic Violence and Abuse, Sexual Violence and Abuse, Stalking and Harassment and Harmful Practices

– Brighton & Hove City Council and East Sussex County Council are continuing to redevelop a joint strategy to create an enhanced and coordinated response to domestic violence and abuse, sexual violence, and other forms of violence, including stalking and harassment and harmful practices, and are committed to recommissioning services to reflect identified need and realistic service response. Multi-agency work is underway to review service pathways and make improvements for victims and to ensure that resources are being used most efficiently.

Public Health

Public Health worked with colleagues from Children's Services and East Sussex CCGs to put together a successful bid to NHS England to set up Mental Health Support Teams (MHSTs) in schools and colleges in East Sussex; please see the Children's Services Q2 monitoring report for further details.

The asset based peer approach project, with members of the Gypsy and Traveller community, reached the final three in the 'Community Health Development Award' at the Health and Wellbeing Awards 2019, providing positive exposure for the project.

A business breakfast was held at the Best4Biz business conference (Council sponsored Chambers of Commerce event) during the Mental Health Awareness week in May, to raise awareness of Mental Health at Work (MHaW) and encourage businesses and employers to attend the MHaW Public Health conference on 16/10/19, to learn what more businesses can do to encourage their employees to thrive at work. The breakfast was a great success, fully booked with 100 attendees.

Following the launch of the Keeping Children Safe social media toolkit in Q1 there has been a marked increase in the number of professionals referring families into the Child Home Safety Advice and Equipment Service commissioned by Public Health and provided by the East Sussex Fire and Rescue Service.

A number of Public Health abstracts (concise summaries of research) were selected through Peer Review at the following conferences:

- PHE Annual Conference 2019:
 - Reframing and re-energising Suicide Prevention on the Sussex Coast using Design Methods.
 - The effects of cold water swimming on mental health and wellbeing.
 - Extending the reach of behaviour change support in East Sussex.
 - Better beginnings – embedding a best practice approach to healthy food in early years settings in East Sussex.
- International Association Suicide Prevention Conference – World Congress:
 - Reframing and re-energising Suicide Prevention on the Sussex Coast using Design Methods.

Revenue Budget Summary

Public Health

The Public Health (PH) budget of 28.226m comprises the PH grant allocation of £26.550m, CCG funding of £0.07m and £1.606m drawn from reserve to support in year spending. In addition to the PH grant there is a planned draw down of £0.866m to meet one off projects.

ASC

The net ASC budget of £171.115m includes growth and demography funding and an inflationary uplift to support the independent sector care market.

The budget is currently forecast to overspend by £0.830m (**ref iii**), comprising of £0.738m (**ref i**) in the Independent Sector and £0.092m (**ref ii**) in Directly Provided Services. While the Independent Sector budget is currently projected to overspend slightly, the budget faces continued risk on expenditure in working age adults due to the ongoing impact of high cost packages of care transferring from the NHS from Continuing Healthcare (CHC) and the national Transforming Care Programme (TCP). The application of one-off funding from the Better Care Fund (BCF) has enabled these risks to core ASC services to be mitigated in part during 2019/20. The pressure in Directly Provided Services results from continued demand led pressures, offset in part by the impact of vacancies, particularly in management and support functions.

In June 2018, cabinet approved savings of £9.631m, representing a significant reduction to the budget. The full year impact of these savings is now being realised. The 2019/20 budget is shown net of further savings £0.730m to meet the Council's Core Offer. The savings will be delivered in a full year, however, as in previous years the full cash saving will not be achieved within 2019/20, reflecting that the proposals will need to be implemented in line with

statutory 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.

Capital Programme Summary

The ASC Capital Programme for 2019/20 is currently projected to be fully spent by the end of the financial year. Work continues at pace on the Greenacres development, to meet the needs of people with a learning disability and/or autism with challenging behaviour who are part of the Transforming Care cohort, which is forecast to outturn at £1.824m (**ref iv**), in addition to £0.193m (**ref v**) on house adaptations for people with disabilities - a demand led budget to continue to support clients to live independently at home.

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

Performance measure	Outturn 18/19	Target 19/20	19/20 RAG				Q2 2019/20 outturn	Note ref
			Q1	Q2	Q3	Q4		
There are no exceptions at Q2								

Savings exceptions

Service description	2019/20 (£'000) – Q2 Forecast					Note ref
	Original Target For 2019/20	Target including items c/f from previous year(s)	Achieved in-year	Will be achieved, but in future years	Cannot be achieved	
Savings						
Working Age Adults: Nursing, Residential and Community Based services	247	247	124	123	-	
Meals in the Community	483	483	0	483	-	
All Other savings (including carried forward from prior years)	-	6,087	6,087	-	-	
Total Savings	730	6,817	6,211	606	0	
			-	-	-	
			-	-	-	
			-	-	-	
Subtotal Permanent Changes			0	0	0	
Total Savings and Permanent Changes	730	6,817	6,211	606	0	

Memo: treatment of savings not achieved in the year (£'000)	Temporary Funding	Part of reported variance	Total	Note Ref
Working Age Adults: Nursing, Residential and Community Based services	-	123	123	
Meals in the Community	-	483	483	
	-	-	-	
Total	0	606	606	

Revenue budget

Revenue budget										
Divisions	Planned (£000)			Q2 2019/20 (£000)						Note ref
				Projected outturn			(Over) / under spend			
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net	
Adult Social Care:										
IS - Physical Support, Sensory Support and Support for Memory & Cognition	114,795	(42,034)	72,761	113,077	(43,924)	69,153	1,718	1,890	3,608	
IS - Learning Disability Support	56,941	(4,302)	52,639	61,918	(5,169)	56,749	(4,977)	867	(4,110)	
IS - Mental Health Support	7,436	(1,042)	6,394	7,627	(997)	6,630	(191)	(45)	(236)	
Subtotal Independent Sector	179,172	(47,378)	131,794	182,622	(50,090)	132,532	(3,450)	2,712	(738)	i
Physical Support, Sensory Support and Support for Memory & Cognition	15,048	(4,193)	10,855	14,943	(3,388)	11,555	105	(805)	(700)	
Learning Disability Support	7,520	(654)	6,866	7,431	(750)	6,681	89	96	185	
Mental Health Support	3,008	(2,984)	24	3,109	(2,984)	125	(101)	-	(101)	
Substance Misuse Support	591	(115)	476	591	(115)	476	-	-	-	
Equipment & Assistive Technology	6,304	(3,346)	2,958	6,429	(3,801)	2,628	(125)	455	330	
Other	619	(199)	420	711	(278)	433	(92)	79	(13)	
Supporting People	6,495	(310)	6,185	6,630	(465)	6,165	(135)	155	20	
Assessment and Care Management	25,796	(2,819)	22,977	26,670	(3,595)	23,075	(874)	776	(98)	
Carers	3,515	(2,821)	694	3,513	(2,821)	692	2	-	2	
Management and Support	14,350	(26,775)	(12,425)	14,594	(27,330)	(12,736)	(244)	555	311	
Service Strategy	291	-	291	319	-	319	(28)	-	(28)	
Subtotal Directly Provided Services and Assessment and Care Management	83,537	(44,216)	39,321	84,940	(45,527)	39,413	(1,403)	1,311	(92)	ii
Total Adult Social Care	262,709	(91,594)	171,115	267,562	(95,617)	171,945	(4,853)	4,023	(830)	iii
Safer Communities	583	(247)	336	1,128	(792)	336	(545)	545	0	
Public Health										
Health Improvement Services	4,706	-	4,706	4,605	-	4,605	101	-	101	
Drug and Alcohol Services	6,101	-	6,101	6,101	-	6,101	-	-	-	
Sexual Health Services	4,335	-	4,335	4,243	-	4,243	92	-	92	
Health Visiting and School Nursing	9,329	-	9,329	8,843	-	8,843	486	-	486	
NHS Health Checks	1,026	-	1,026	1,026	-	1,026	-	-	-	
Management Support and Public Health Programmes	2,729	-	2,729	2,478	-	2,478	251	-	251	
Public Health Grant	-	(26,550)	(26,550)	-	(26,550)	(26,550)	-	-	-	
Surplus to General Reserves	-	(70)	(70)	-	(70)	(70)	-	-	-	
Surplus to General Reserves	-	(1,606)	(1,606)	-	(676)	(676)	-	(930)	(930)	
Sub Total for Core Services	28,226	(28,226)	0	27,296	(27,296)	0	930	(930)	0	
One Off Projects Funded from Project Reserve	866	(866)	-	866	(866)	-	-	-	-	
Early Help Funding	-	-	-	-	-	-	-	-	-	
Total Public Health	29,092	(29,092)	0	28,162	(28,162)	0	930	(930)	0	

Capital programme										
Approved project	Total project – all years (£000)		2019/20							Note ref
			In year monitor Q2 (£000)				Analysis of variation (£000)			
	Budget	Projected	Budget	Actual to date	Projected 2019/20	Variation (over) / under budget	(Over) / under spend	Slippage to future year	Spend in advance	
OP Service Improvements	-	-	-	10	-	-	-	-	-	
Greenacres	2,598	2,598	1,824	1,081	1,824	-	-	-	-	iv
LD Service Opportunities	5,092	5,092	-	4	-	-	-	-	-	
House Adaptations for People with Disabilities	2,719	2,719	193	-	193	-	-	-	-	v
Total ASC Gross	10,409	10,409	2,017	1,095	2,017	0	0	0	0	

Business Services – Q2 2019/20

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

Summary of successes and achievements – During Q2, the Council signed up to the Local Digital Declaration. We joined over 150 other local authorities in signing up to the collective ambition to co-create the conditions for the next generation of local public services, where technology is an enabler rather than a barrier to service improvements and where organisations share a vision to deliver more user-centred, cost-effective local public services through open, collaborative and reusable work.

Investment in workforce values and training has enabled all staff within IT & Digital to receive Customer Excellence training. In addition, 85 staff have received specialist professional and technical training and sat relevant exams. This will provide consistent quality and industry best practice support to our stakeholders.

Savings achieved through procurement, contract and supplier management activities – In Q2, officers from Property and Procurement across the three Orbis partners have worked together to deliver the new contract where all electricity used by East Sussex County Council, including all 40,000 of the Council's street lights and illuminated signs, libraries and Council buildings, will come from renewable sources from April 2020. Savings in the region of £100k per year were delivered, with the Orbis Partners (SCC and BHCC) benefitting from the shared learning generated from the approach taken previously by ESCC.

We worked with our colleagues in Children's Services to deliver a contract to Brighton Dome & Brighton Festival (BDBF) that enabled the further development of the music service to East Sussex.

In Q2, the measure for economic, social and environmental value committed through annually awarded contracts, as a percentage of our spend with suppliers, has grown to 11% (ref i).

In April 2019 a new contract was awarded for the cleaning of schools and council sites. The new provider has had some problems in establishing the new service, but discussions to improve performance are ongoing.

Social Value – Q2 marks the 'soft' launch of the Social Value Marketplace (SVM) website at the Speak Up Community Forum in September. The SVM has been developed by Orbis to encourage partnership collaboration across the sectors and to secure additional value from public sector spend. It has been designed as an innovative platform that will help councils leverage their expenditure with suppliers to maximise community benefit in line with the Public Services (Social Value) Act 2012. The SVM will enable local charities to request non-financial support from suppliers that are looking to give something back to the community and will complement the use of our Crowdfunding site that was launched last year. Procurement are working with internal teams to prepare for the public launch which will take place in November 2019.

Apprenticeships – As part of the reporting arrangements, all Levy paying public sector bodies are required to report by 30 September each year their achievement against the Government set target of 2.3% of the workforce becoming an apprentice. For 2018/19, we have seen a modest increase compared to last year and have achieved 1.79% i.e. 136 new learners over the previous year (in 2017/18 we achieved 1.1%). In order to meet the 20% off the job training requirement, we have agreed with departments that all new administrative vacancies now have a built-in allowance for apprenticeship training to be undertaken. We anticipate that this will lead to an increase in take-up of these roles from a demographic of 18-25 year olds, thereby addressing a key workforce planning issue in the Council to recruit and attract young people into the sector. In addition, we have introduced a 'right learner, right course' scheme whereby before an apprenticeship is commenced, our internal employer provider meets with potential learners and service managers to ensure the apprenticeship is the 'right fit' for the individual.

Internal audit – 100% of the high risk actions due have been implemented by management within agreed timescales, exceeding our target of 97%.

Insurance claims – 100% of liability claims were handled to first decision (i.e. initial repudiation or offer of compensation) within the relevant legal time frames. This is in excess of the 95% target. A majority of third party claims relate to the highway and these claims are now handled by East Sussex Highways (Costain Jacobs).

Property operations – Our continued aim is to reduce the amount of CO2 arising from Council operations by 3% compared to 2018/19. There has been a 10.0% reduction achieved by Q2 compared to Q2 of 2018/19. This breaks down as a 14.6% reduction from schools and a 5.1% reduction from the corporate estate. This target is now under review following the decision of County Council on 15 October to set a target of achieving carbon neutrality from its activities as soon as possible and in any event by 2050.

Property Strategy – The continued overall focus of the Strategic Asset Collaboration in East Sussex (SPACES) partnership is on delivering the One Public Estate (OPE) projects, having received £760,000 funding across Phases 5, 6 and 7, spread across all the East Sussex district and boroughs. The partnership is developing a place based focus, recognising where multiple activities are taking place in one area, and where they can be complimentary to each other. Aligned to this approach and in the context of the Council developing our asset strategy, the Council is meeting with each District and Borough council to consider opportunities in each geographical area. The total value of

benefits delivered by SPACES (a total across all SPACES partners) to the end of Q2 was over £18.6m, with another £2.5m identified within pipeline projects. The partnership also enables knowledge sharing. In July, the SPACES Board received an item explaining Section 106 (planning obligations under Section 106 of the Town and Country Planning Act), the Community Infrastructure Levy, and advice on how organisations can best utilise opportunities and inform local plans. This enabled SPACES partners to share this knowledge within their respective organisations.

In line with the Property Asset Investment Strategy identified in Q1, several key sites are being taken forward and include St Anne's Crescent, which is progressing more slowly than anticipated through the South Downs National Park Authority (SDNPA). The Key delay is due to the SDNPA pre planning process being undertaken through a range of workshops and their Design Panel reviews, which has proved difficult to coordinate and secure dates with the key parties available.

The larger and more complex sites, including Hindslands and Helensdown, are under discussion and will be taken forward once the brief has been established through consultation with service departments and in light of emerging Local Planning Policy Frameworks (ref ii).

IT & Digital infrastructure – IT & Digital have been continuing to enable partnership working across the Council. Following its successful launch in East Sussex during July and in Surrey during August, the new MyServiceHub IT portal (Cherwell) went live in Brighton and Hove City Council in September. Cherwell is now live across all three councils and is a significant milestone in our progress operating as one IT service, using one system across the Orbis geography. This system underpins our digital service provision and provides a modern platform for other services to further build on.

In Q2, IT & Digital hosted the third New Social Worker Induction in Lewes. This is now a regular event that enables Newly Qualified Social Workers to come together, as a cohort, to do their IT&D elements all in one place at one time. 30 New Social Workers were supplied with digital tools including being some of the first to receive the newly refreshed devices to support their flexible workstyle. Immersed in the learning programme, they were quickly operational and trained in areas ranging from Cyber awareness, Information Governance and the Social Care System.

Wellbeing – The 2019/20 Q1+2 sickness absence outturn for the whole authority (excluding schools) is 3.73 days lost per FTE, a decrease of 6.0% since the previous year.

Although it is positive to see a decrease in absence, Mental Health continues to be the primary driver and a targeted campaign was launched on 10 October 2019 to address this. The aim of the campaign is to remove the stigma surrounding mental health and to increase confidence in being able to address poor mental health in the workplace. The campaign video has already been viewed over 300 times and now forms part of our staff induction. Employee and managers guides have been created as part of the supporting toolkit providing targeted advice, signposting and support on Mental Health.

72 members of staff have been trained as accredited Mental Health First Aiders (MHFA). By the end of March 2020, a small additional cohort of staff will be trained as accredited MHFA instructors to qualify them to deliver future MHFA training within the Council, allowing us to further grow our internal MHFA community in a cost-effective way.

Time lost due to Mental Health related absence has increased in schools, to address this HR are planning to launch a comprehensive Mental Health offer at the Services to Schools conference on 30 January 2020.

Revenue Budget Summary – The 2019/20 Business Services net revenue budget is £23.2m including the £13.9m contribution to the Orbis budget and efficiency savings of £1m. The full year estimated outturn is an underspend of £0.1m (ref iv). This is due to a £0.3m likely underspend on non-schools building maintenance, offset by a £0.2m overspend on the Contribution to Orbis budget.

Following the changes to the Orbis model Property is reviewing its service delivery and structures. There are currently resourcing issues which has led to delays to the non-schools building maintenance programme. Plans are being put in place to address this however there is still likely to be a year-end underspend of £0.3m (ref iii).

The Orbis operating budget is in its fourth year and has challenging savings targets of £3.2m this year. This is in addition to the £9.7m (or 17% of budget) annual ongoing savings already achieved. The changes to the Orbis model have also added to the uncertainty of the Orbis budgets. All services apart from management and Procurement are forecasting an overspend, leading to an overall Orbis overspend of £1m (ref iv). Some of these are in services no longer managed by Orbis but the costs are still part of the Orbis Joint Operating budget. Each partner contributes to the Orbis Operating Budget in proportion to their service delivery requirements, the contributions are currently 21% (Brighton & Hove City Council), 24% (ESCC) and 55% (Surrey County Council). The likely ESCC Contribution to Orbis overspend is £0.2m. (ref v).

Capital Programme Summary – The 2019/20 capital budget is £42.0m and includes the £22.1m Schools Basic Need Programme and the £7.5m Building Improvements programme. The full year estimated variance is slippage of £5.1m (ref viii), a change of £5.4m since Q1. The largest change is Schools Basic Need (£4.6m), mainly because of a delay to schemes and a saving to one scheme. The Summerdown Free School spend is re-profiled to 2020/21 (£2.8m), and there is also slippage of £0.6m on the Reef Way project which is being delayed due to unforeseen additional groundworks. £1.4m of Schools Basic Need programme budget has been reprofiled to match need in future

years (ref vii). In addition the resourcing issue in Property has led to delays to the non-schools building improvements schemes (ref vi).

Performance Exceptions (See How to read this report for definition)								
Performance measure	Outturn 18/19	Target 19/20	19/20 RAG				Q2 19/20 outturn	Note Ref
			Q1	Q2	Q3	Q4		
Priority – Driving sustainable economic growth								
Economic, social and environmental value committed through contracts, as a percentage of our spend with suppliers	11.8%	≥10.0% of value of annual contracts awarded	A	G			Year to date: 11%	i
Priority – Making best use of resources								
Deliver the Property Asset Investment Strategy	Resource model in place	Development of feasibility studies for a minimum of 4 key sites	G	A			Possible slippage to completing study for St Anne’s site	ii

Savings exceptions						
Service description	2019/20 (£'000) – Q2 Forecast					Note ref
	Original Target For 2019/20	Target including items c/f from previous year(s)	Achieved in-year	Will be achieved, but in future years	Cannot be achieved	
Savings						
All planned savings	1,003	1,003	1,003	-	-	
	-	-	-	-	-	
	-	-	-	-	-	
Total Savings	0	0	0	0	0	
			-	-	-	
			-	-	-	
			-	-	-	
Subtotal Permanent Changes			0	0	0	
Total Savings and Permanent Changes	1,003	1,003	1,003	0	0	

Memo: treatment of savings not achieved in the year (£'000)	Temporary Funding	Part of reported variance	Total	Note Ref
	-	-	-	
	-	-	-	
	-	-	-	
Total	0	0	0	

Revenue Budget

Divisions	Planned (£000)			Q2 2019/20 (£000)						Note ref
				Projected outturn			(Over) / under spend			
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net	
Finance	2,506	(1,720)	786	3,187	(2,401)	786	(681)	681	-	
HR & OD	356	(404)	(48)	375	(428)	(53)	(19)	24	5	
IT & Digital	5,865	(2,520)	3,345	5,982	(2,637)	3,345	(117)	117	-	
Procurement	-	(80)	(80)	-	(80)	(80)	-	-	-	
Property	24,612	(19,251)	5,361	24,311	(19,250)	5,061	301	(1)	300	iii
Contribution to Orbis Partnership	13,885	-	13,885	14,047	-	14,047	(162)	-	(162)	
Total BSD	47,224	(23,975)	23,249	47,902	(24,796)	23,106	(678)	821	143	

Revenue Budget

Divisions	Planned (£000)			Q2 2019/20 (£000)						Note ref
				Projected outturn			(Over) / under spend			
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net	
Finance	13,148	(7,370)	5,778	13,248	(7,370)	5,878	(100)	-	(100)	
HR & OD	12,684	(2,298)	10,386	13,173	(2,437)	10,736	(489)	139	(350)	
IT & Digital	7,192	(1,399)	5,793	7,153	(1,325)	5,828	39	(74)	(35)	
Procurement	22,975	(3,040)	19,935	23,095	(3,040)	20,055	(120)	-	(120)	
Property	2,316	-	2,316	2,071	-	2,071	245	-	245	
Contribution to Orbis Partnership	4,916	(235)	4,681	4,811	(185)	4,626	105	(50)	55	
Total BSD	12,963	(1,473)	11,490	13,398	(1,243)	12,155	(435)	(230)	(665)	
Revenue Budget	76,194	(15,815)	60,379	76,949	(15,600)	61,349	(755)	(215)	(970)	iv
ESCC Contribution			13,885			14,047			(162)	v

Capital programme

Approved project	Total project – all years (£000)		2019/20							Note ref
			In year monitor Q2 (£000)				Analysis of variation (£000)			
	Budget	Projected	Budget	Actual to date	Projected 2019/20	Variation (over) / under budget	(Over) / under spend	Slippage to future year	Spend in advance	
SALIX Contract	3,868	3,868	373	341	283	90	0	90	0	
Property Agile Works	9,713	9,713	286	15	286	0	0	0	0	
Capital Building Improvements	81,445	81,445	7,519	2,647	7,140	379	0	379	0	vi
Libraries Core Need	2,244	2,244	524	269	539	(15)	0	0	(15)	
IT & Digital Strategy Implementation	31,543	31,543	4,797	618	4,797	0	0	0	0	
Schools Basic Need	135,524	135,524	22,062	9,999	17,431	4,631	0	4,925	(294)	vii
Early Years	2,480	2,480	35	30	35	0	0	0	0	
Universal Infant Free School Meals	1,906	1,906	5	0	0	5	5	0	0	
Special Provision in Secondary School	2,350	2,350	350	0	350	0	0	0	0	
Lansdown Unit (CSD)	7,600	7,600	6,030	1,415	6,030	0	0	0	0	
Total BSD Gross	278,673	278,673	41,981	15,334	36,891	5,090	5	5,394	(309)	viii

Children's Services – Q2 2019/20

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

Summary of successes and achievements

East Sussex Safeguarding Children Partnership (ESSCP) – The Children and Social Work Act 2017 created new duties for police, health and the local authority to make arrangements to safeguard and promote the welfare of children in their area. In response the Local Safeguarding Children Board (LSCB) has transitioned into the new East Sussex Safeguarding Children Partnership as from 29 September 2019. East Sussex has a strong track record for its partnership work with vulnerable children and young people and the ESSCP will continue to build upon this foundation. The new multi-agency arrangements are set out in the [ESSCP document](#).

New Single Point of Advice (SPoA) referral process - Monday 16th September was the start of a new referral process for 0-18 year olds who are experiencing social, emotional and mental health difficulties. Sussex Partnership Foundation Trust staff have joined ESCC colleagues and all referrals are now triaged at the multi-agency SPoA hub by the joint team who are all experienced in working with children and young people who are experiencing difficulties with their emotional wellbeing. The new referral process offers advice and guidance to accessing support, a simplified referral route and offers timely and easier access to the right service.

Mental Health Support Teams working in schools and colleges - On 7th January 2019, the Government published the NHS Long-Term Plan that re-confirmed the commitments from the 2017 Children and Young People's Mental Health Green Paper that set out proposals to improve mental health support in schools and colleges. Over the next five years the NHS will fund new Mental Health Support Teams (MHSTs) working in schools and colleges, building on the support already available, which will be rolled out to between one-fifth and a quarter of the country by the end of 2023.

East Sussex Clinical Commissioning Groups and East Sussex County Council have been notified that their bid was successful to become a trailblazer in the implementation of new MHSTs in schools. This is an additional resource to set up new provision aimed at building greater capacity to support more children with Mental Health and Emotional Wellbeing needs. As these new teams will be focussed around schools, this provides us with an excellent opportunity to build on the whole-school work on mental health and emotional wellbeing that is already underway and align it with support pathways for individual children. For East Sussex, it has been indicated that we have been awarded funding for three MHSTs covering in total approximately 24,000 pupils / 60 schools in the following areas:

- High Weald Lewes Havens CCG area – Havens Locality
- Eastbourne Hailsham Seaford CCG area – South Downs Locality
- Hastings and Rother CCG area – Rother Alliance Partnership, Rye, Bexhill Primary Partnership

Excellence for All strategy – We published our updated Excellence for All strategy 2019/21 which outlines the shared vision, values and ambitions the local authority and our partners have for creating an excellent education system in East Sussex where no pupil or educational establishment is left behind. There is a sharper focus on the most disadvantaged and on how we will deliver improvement through the partnership structures in the county.

Overall effectiveness judgement of schools – The most recent overall effectiveness judgement for schools inspected, at 30th August 2019 by phase of education and local authority, places East Sussex 27th across all schools in the Ofsted league of schools that are good or outstanding. In August 2014 East Sussex was ranked 130th out of 152.

Attainment gap for disadvantaged pupils in reading, writing and maths at Key Stage 2 (KS2) (ref i)

Provisional 2019 KS2 data for East Sussex shows 45.8% of disadvantaged pupils achieved the expected standard in reading, writing and maths, compared to 51.4% nationally, a gap of 5.6 percentage points. The gap has widened when compared to 2018, when the gap was 1.4 percentage points, the East Sussex outturn is also a 3.5 percentage point decrease on the 2018 result, which was 49.3%. When we look at the subjects individually, maths has seen an improvement in the number of disadvantaged pupils reaching the expected standard when compared to 2018, up by 1.1 percentage points to 60.9%. Reading rates fell both in East Sussex and nationally, but the fall in East Sussex was more marked, with a fall of 4.5 percentage points compared to 1.7% nationally. The reasons for the outturns are complex and will vary from school to school. However in so far as we can draw conclusions at this early stage there seem to be a number of themes:

- Reading fell for all pupils in East Sussex and some of the reasons appear to be around fluency of reading, being able to read at speed and with accuracy.
- Ensuring pupils are well prepared for the tests and able to respond to any changes or challenges in the test papers as well as being able to complete the test in the time allocated.
- Ensuring that schools look across all pupils to ensure that pupils are on track to meet the expected standard in all three subjects and don't miss out on one of the three key subjects.

- Recruitment of high quality teachers, particularly in our coastal areas.

A significant proportion of our larger primary schools underperformed and this had a major impact on the overall East Sussex outcomes.

Where the local authority and Educational Improvement Partnerships (EIPs) have led school improvement work with priority schools, these schools have an improving picture of outcomes and Ofsted judgements. The newly established Primary Board will have a key focus on outcomes for disadvantaged pupils and will be closely monitoring the actions of schools and EIPs and their impact.

Average Progress 8 Score for state funded schools (ref ii) - The provisional overall Progress 8 score for East Sussex for academic year 2018/19 is -0.05 (0.03 decrease from 2018) compared to -0.03 nationally. The total average Attainment 8 Score for East Sussex in 2019 is 45.2 (the same as 2018), compared to 46.7 nationally. The percentage of East Sussex pupils achieved grades 9-4 in English and maths in 2019 is 63.5% (1.5% increase from 2018) compared to 64.6% nationally. The percentage of East Sussex pupils achieved grades 9-5 in English and maths in 2019 is 41.5% (0.1% increase from 2018) compared to 43.2% nationally.

East Sussex has improved its performance against English Baccalaureate measures and has narrowed the gap in these measures with national. 23.3% of pupils achieved grades 9-4 in all EBacc subjects (4.7% increase from 2018) compared to 24.9% nationally (0.7% increase from 2018). 15.5% of pupils achieved grades 9-5 in all EBacc subjects (2.6% increase from 2018) compared to 17.1% nationally (0.3% increase from 2018).

To improve performance the Secondary Board's priorities for 2019/20 are:

- Commitment to maximise attendance and minimise exclusions
- Affirmative action to raise achievement – and close 'achievement gaps' where they exist
- Classroom teaching and leadership at all levels are of the highest quality
- Reduce in-school variation in standards across subjects

Average Progress 8 score for Looked After Children (LAC) (ref iii) – local knowledge of the cohort and their GCSE grades indicates the outturn for this measure may be lower than the target. Provisional data will be available at Q3.

The average Attainment 8 score for disadvantaged pupils (ref iv) – Progress 8 and Attainment 8 outturns indicate that this measure may be lower than the target. Provisional data will be available at Q3.

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) (ref v) and 17 (year 13) (ref iv) – The quarter two outturn is based on August data as September data is not available until the end of October, therefore, a lot of enrolment data from post 16 providers is still to be added. Participation may be lower this year due to a number of reasons including: the ongoing lack of apprenticeship for 16 – 18 year olds; lack of re-engagement provision due to changes in the European Social Fund contractors; and East Sussex College Group not running Princes Trust programmes or summer programmes.

Revenue Budget Summary – The £77.311m net budget is forecast to be overspent by year end by £5.876m (ref xii). This is an increase of £0.345m on the forecast position at Q1.

Within the overall position, £5.853m of the overspend is forecast within Early Help and Social Care (ref ix); this is a deterioration of £0.285m from the Q1 position. This increase is primarily due to increased spend in Locality (£0.382m) where there has been continued pressure on care placements and difficulties in sourcing accommodation for families in need. We have also experienced increased numbers of Asylum seekers (£0.180m). These pressures, which were fully explained in Q1, have been partially offset by a reduction in forecast overspend for Looked After Children £0.223m, through the careful management of agency placements despite continued pressure in both numbers and complexity of need of children, and in Children's Centres, £0.054m resulting from vacancy controls.

Education and ISEND are forecasting an overspend of £0.300m, as per the Q1 position (ref x) with the pressure remaining largely in the residential facilities, and strategies continuing to be pursued to both manage and mitigate this.

Communication, Planning and Performance (ref xi) is forecasting an overspend of £0.440m. This represents an increase on Q1 of £0.060m, which is primarily due to one-off costs associated with the transfer of the Music Service to Brighton Dome & Brighton Festival.

The above overspends have been mitigated by an underspend in Central Resources of £0.717m (ref viii) as a result of efficiencies and pay cost controls.

The Department is also continuing to carry out a review of costs across the service with a view to identifying new savings and scrutinising pressure areas.

Within the above outturn position, £2.382m (ref vii) of the £3.640m savings planned 2019/20 are forecast to be achieved, with the remainder mitigated through temporary funding. These savings figures also include £2.591m of savings brought forward from 2018/19.

Capital Programme Summary – £0.093m of slippage is expected in House Adaptations for Disabled Children's Carers due to a number of cases now not likely to be progressed in the current year (**ref xiii**), a late part-refund of an arbitration fee was received in May (**ref xiv**), but the rest of spending for the year is on track and forecast to stay within budget.

Performance exceptions (See How to read this report for definition)								
Performance measure	Outturn 18/19	Target 19/20	19/20 RAG				Q2 2019/20 outturn	Note Ref
			Q1	Q2	Q3	Q4		
Priority – Driving sustainable economic growth								
% of disadvantaged pupils achieving at least the expected standard in each of reading, writing and maths at KS2	Ac year 17/18 ESCC: 49% Nat Av: 51%	Ac year 18/19 No more than 4 percentage points below national average	G	R			Ac year 18/19 ESCC: 45.8% Nat Average: 51.3%	i
Average Progress 8 Score for state funded schools	Ac year 17/18 ESCC: -0.03 Nat Av: -0.02	Ac year 18/19 At national average	G	R			Ac year 18/10 ESCC: -0.05 Nat Average: -0.03	ii
Average Progress 8 score for Looked After Children	-1.49 (National Average -1.2)	No more than 0.5 points below the national average for looked after children	G	A			Provisional outturn reported at Q3	iii
The average Attainment 8 score for disadvantaged pupils	Ac Year 2017/18 ESCC: 33.2 Nat Av: 36.8	Ac year 18/19 No more than 4 points below national average	G	A			Provisional outturn reported at Q3	iv
% 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 16 (year12)	93.9%	93%	G	A			89.6%	v
% 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 (year13)	86.4%	86%	G	A			83.2%	vi

Savings exceptions

Savings exceptions						
Service description	2019/20 (£'000) – Q2 Forecast					Note ref
	Original Target For 2019/20	Target including items c/f from previous year(s)	Achieved in-year	Will be achieved, but in future years	Cannot be achieved	
Savings						
Schools Learning and Effectiveness Service (SLES): promote high standards	124	124	124	-	-	
SLES: Performance monitoring	725	725	725	-	-	
SLES: Clerking Service	158	158	158	-	-	
Home to School Transport	42	42	42	-	-	
Support Services, including Admissions, Buzz and Music service	-	10	10	-	-	
SWIFT and YOT	-	166	166	-	-	
ISEND and ESBAS	-	831	570	261	-	
Early Help	-	1,561	564	997	-	
Safeguarding	-	23	23	-	-	
Total Savings	1,049	3,640	2,382	1,258	0	
			-	-	-	
			-	-	-	
			-	-	-	
Subtotal Permanent Changes			0	0	0	
Total Savings and Permanent Changes	1,049	3,640	2,382	1,258	0	vii

Memo: treatment of savings not achieved in the year (£'000)	Temporary Funding	Part of reported variance	Total	Note Ref
Reform Grant	261	-	261	
Corporate Reserves	997	-	997	
	-	-	-	
Total	1,258	0	1,258	

Revenue budget

Revenue budget										
Divisions	Planned (£000)			Q2 2019/20 (£000)						Note ref
				Projected outturn			(Over) / under spend			
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net	
Central Resources	1,727	(1,578)	149	1,010	(1,578)	(568)	717	-	717	viii
Early Help and Social Care	61,071	(10,226)	50,845	68,254	(11,556)	56,698	(7,183)	1,330	(5,853)	ix
Education and ISEND	81,316	(5,465)	75,851	84,197	(8,046)	76,151	(2,881)	2,581	(300)	x
Communication, Planning and Performance	21,155	(4,450)	16,705	20,430	(3,285)	17,145	725	(1,165)	(440)	xi
DSG non Schools	-	(66,238)	(66,238)	-	(66,238)	(66,238)	-	-	-	
Schools	155,500	(155,500)	-	155,500	(155,500)	-	-	-	-	
Total Children's Services	320,769	(243,457)	77,312	329,391	(246,203)	83,188	(8,622)	2,746	(5,876)	xii

Capital programme										
Approved project	Total project – all years (£000)		2019/20							Note ref
			In year monitor Q2 (£000)				Analysis of variation (£000)			
	Budget	Projected	Budget	Actual to date	Projected 2019/20	Variation (over) / under budget	(Over) / under spend	Slippage to future year	Spend in advance	
House Adaptations for Disabled Children's Carers	1,420	1,327	160	6	67	93	-	93	-	xiii
Diploma Exemplar Programme	3,251	3,226	-	(25)	(25)	25	25	-	-	xiv
Schools Delegated Capital	22,284	22,284	1,369	1,369	1,369	-	-	-	-	
Conquest Centre	356	356	311	311	311	-	-	-	-	
Total CSD Gross	27,311	27,193	1,840	1,661	1,722	118	25	93	0	

Communities, Economy & Transport – Q2 2019/20

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

Summary of successes and achievements – Construction of the Newhaven Port Access Road has continued on schedule during Q2, with completion currently expected in autumn 2020. 82 carriageway asset improvement schemes were completed in Q2, to maintain and improve the condition of the Council's roads. Businesses were assisted to create 49 jobs in Q2 through business support programmes; Locate East Sussex also assisted 12 businesses to move into, or relocate within, the county. The South East Creative, Cultural and Digital Support programme has awarded grants to nine small and medium-sized enterprises (SMEs) in East Sussex; two SMEs are receiving mentoring to support job creation; and three business engagement events took place. Projects to grow cultural tourism have continued in Q2; familiarisation trips for tour operators to the England's Creative Coast art and geocaching trail have been organised.

Terminus Road Eastbourne – The works, to modernise the town centre and improve the pedestrian environment, have continued in Q2 in both Terminus Road and Cornfield Road. The scheme is currently scheduled to be complete in Q3.

Queensway Gateway Road – Sea Change Sussex, the scheme promoter, have encountered challenges in relocating a car dealership on the site, which has affected the scheduled timetable for delivering the scheme. Sea Change Sussex are looking, with the Council, at possible temporary solutions to link the completed sections of the road to the A21 ahead of, and whilst, the main connection works are completed (**ref i**).

Employability and Skills – The Careers Hub has supported schools to achieve an average of 3.7 of the national Gatsby benchmarks at the end of Q2. 130 Industry Champions have been recruited since the start of the programme and continue to provide support to schools and colleges. The six sector task groups, plus Apprenticeships East Sussex, are working to meet the Skills East Sussex (SES) priorities, with updates to the SES board on progress provided in September.

Road Safety – Trials of the behavioural change initiatives launched as part of the Council's £1m Road Safety Scheme have continued in Q2. Preparations are being made to analyse the effectiveness of the Anniversary trial, which measures the effectiveness of sending reminders to drivers who have previously committed a speeding offence. Following feedback from partners and recent research Phase 2 will assess the impact of an engagement campaign focused on young drivers and their potential passengers. The proposed amended approach is based on evidence that shows that sustained attitudinal and behavioural change is likely to reduce long term risk of collisions /KSIs. It is therefore proposed that the performance measure is amended (**ref ii**). Following the campaign we will assess the percentage of young drivers and their passengers who report positive attitudinal and behavioural change in response to the engagement campaign designed to reduce risk of collisions/KSI immediately after intervention and over time. Three infrastructure schemes to improve road safety have been delivered in 2019/20 with a further scheme currently being implemented. Subject to costs and the availability of funding from the identified budget, it is planned that a further six schemes will be implemented this year.

Trading Standards – Trading Standards provided seven training workshops to businesses in Q2, with 88 delegates attending. There were also 66 positive interventions to protect vulnerable people, including visiting 59 victims of rogue trading or financial abuse and installing seven call blockers to protect people from telephone scams.

Revenue Budget Summary – The revenue budget is projected to underspend by £232k. The most significant variances are in Transport where the late introduction of parking charge increases will result in £850k of the savings target not being achieved this year (**ref v**). £550k of the shortfall will be offset from the £871k underspend in the Waste Service with the remaining £300k transferred from the Parking Reserve. The underspend in Waste is mainly from reduced waste volumes due to the combined impact of public behaviour and service changes from the various councils involved. There is also a £100k underspend in the Concessionary Fares budget along with smaller Transport variances (**ref iv**). Departmental underspend will be used to fund the cost of implementing the Records Management Policy (**ref iii**).

Capital Programme Summary – The CET capital programme has a gross budget of £64.534m and at Q2 is expected to have slippage of 5.534m and spend in advance of £1.160m. The Bexhill Hastings Complementary Measures Scheme is delayed so that work can be done alongside planned Highways England resurfacing work (**ref vi**). There is spend in advance on stalled sites (**ref vii**). Work on the Newhaven Port Access Road is running ahead of programme but there are some critical activities to come (**ref viii**). Resourcing issues, third party objections and safety audit issues means that the Hastings and Bexhill Movement and Access Scheme is slipping (**ref ix**). There are also resourcing issues in the Eastbourne and South Wealden Walking and Cycling Package (**ref x**). The Hailsham, Polegate and Eastbourne Corridor scheme will slip due to the need for wider transport modelling work (**ref xi**). The delay in completing Terminus Road has resulted in an increased cost of compensation and construction (**ref xii**). The overspend is being offset from the Integrated Transport budget (**ref xiii**). There are a number of Integrated Transport projects that are overspending including the A22 barrier works, RR90 cycle route, and Ghyll Road Scheme, these are

offset by slippage in a number of other schemes. Work on Eastbourne Town Centre will cease until completion of the Terminus Road Phase (ref xiv). Community Match projects are awaiting confirmation of the scope of works required (ref xv). Additional surveys and land tax costs have advanced spend on the Queensway depot following the purchase of the bungalow (ref xvi).

Performance exceptions (See How to read this report for definition)								
Performance measure	Outturn 18/19	Target 19/20	19/20 RAG				Q2 2019/20 outturn	Note Ref
			Q1	Q2	Q3	Q4		
Priority – Driving sustainable economic growth								
Work with Seachange Sussex to deliver major transport infrastructure – Queensway Gateway Road	First phase completed in Q3	Complete second phase of the road	G	A			Challenges relocating car dealership will affect timescales for full scheme delivery	i
<p>Amendment requested from:</p> <p>Road Safety: Percentage of young male drivers who were aware of the social media campaign who report they changed their behaviour</p> <p>To:</p> <p>Road Safety: The percentage of young drivers and their passengers who report positive attitudinal and behavioural change in response to the engagement campaign designed to reduce risk of collisions/KSIs immediately after intervention and over time.</p>	Phase One of campaign run via social media and was successful; Phase Two targeting young males currently being developed	15%	A	AD			Following feedback from partners and recent research, phase 2 will assess the impact of an engagement campaign focused on young drivers and their potential passengers. Recent research has demonstrated that for young drivers, the risk of being killed in a crash significantly increases when there are young passengers in the vehicle. The proposed amended approach is based on evidence that shows that sustained attitudinal and behavioural change is likely to reduce long term risk of collisions /KSIs. It is therefore proposed that the performance measure is amended.	ii

Revenue budget										
Divisions	Planned (£000)			Q2 2019/20 (£000)						Note ref
				Projected outturn			(Over) / under spend			
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net	
Management and Support	3,648	(2,378)	1,270	3,889	(2,387)	1,502	(241)	9	(232)	iii
Customer and Library Services	7,075	(2,045)	5,030	7,069	(2,044)	5,025	6	(1)	5	
Communities	4,374	(2,854)	1,520	4,517	(3,005)	1,512	(143)	151	8	
Transport & Operational Services	80,499	(43,625)	36,874	79,246	(42,827)	36,419	1,253	(798)	455	iv
Highways	15,023	(2,382)	12,641	14,969	(2,328)	12,641	54	(54)	-	
Economy	3,817	(2,662)	1,155	3,822	(2,667)	1,155	(5)	5	-	
Planning and Environment	2,847	(2,028)	819	3,064	(2,241)	823	(217)	213	(4)	
TOTAL CET	117,283	(57,974)	59,309	116,576	(57,499)	59,077	707	(475)	232	

Savings exceptions						
Service description	2019/20 (£'000) – Q2 Forecast					Note ref
	Original Target For 2019/20	Target including items c/f from previous year(s)	Achieved in-year	Will be achieved, but in future years	Cannot be achieved	
Savings						
Civil Parking Enforcement	1,000	1,000	150	850	-	v
Highways Maintenance	889	889	889	-	-	
Household Waste Disposal	200	200	200	-	-	
Waste	-	162	162	-	-	
Concessionary Travel	150	150	150	-	-	
Library and Information Services	-	125	125	-	-	
Archives and Records	32	32	32	-	-	
Road Safety Services	32	32	32	-	-	
Ashdown Forest	31	31	31	-	-	
Environmental Advice Services	15	15	15	-	-	
Total Savings	2,349	2,636	1,786	850	0	
			-	-	-	
			-	-	-	
			-	-	-	
Subtotal Permanent Changes			0	0	0	
Total Savings and Permanent Changes	2,349	2,636	1,786	850	0	

Memo: treatment of savings not achieved in the year (£'000)	Temporary Funding	Part of reported variance	Total	Note Ref
Civil Parking Enforcement use of underspend in Waste services and transfer from reserves	850	-	850	
Total	850	0	850	

Capital programme										
Approved project	Total project – all years (£000)		2019/20 (£000)							Note ref
			In year monitor Q2 (£000)				Analysis of variation (£000)			
	Budget	Projected	Budget	Actual to date	Projected 2019/20	Variation (over) / under budget	(Over) / under spend	Slippage to future year	Spend in advance	
Registration Ceremonies Website	30	30	7	-	7	-	-	-	-	
Hastings Library	8,738	8,738	130	1	130	-	-	-	-	
Broadband	33,800	33,800	1,304	(1,249)	1,304	-	-	-	-	
Bexhill and Hastings Link Road	126,247	126,247	1,497	330	1,497	-	-	-	-	
BHLR Complementary Measures	1,800	1,800	206	107	133	73	-	73	-	vi
Economic Intervention Fund	9,675	9,675	999	303	999	-	-	-	-	
Stalled Sites Fund	916	916	166	124	230	(64)	-	-	(64)	vii
EDS Upgrading Empty Commercial Properties	500	500	117	-	117	-	-	-	-	
Queensway Gateway Road	10,000	10,000	1,570	-	1,570	-	-	-	-	
East Sussex Strategic Growth Package	8,200	8,200	350	-	350	-	-	-	-	
Bexhill Enterprise Park North	1,940	1,940	1,940	-	1,940	-	-	-	-	
Skills for Rural Businesses - Post Brexit	2,918	2,918	2,134	-	2,134	-	-	-	-	
Sidney Little Road Business Incubator Hub	500	500	381	-	381	-	-	-	-	
Newhaven Port Access Road	23,271	23,271	13,001	6,657	13,143	(142)	-	-	(142)	viii
Real Time Passenger Information	2,798	2,798	127	-	127	-	-	-	-	
Parking Ticket Machine Renewal	1,475	1,475	555	259	559	(4)		-	(4)	
Hastings and Bexhill Movement & Access Package	9,057	9,057	4,322	278	1,747	2,575	-	2,575	-	ix
Eastbourne/South Wealden Walking & Cycling Package	7,017	7,017	1,846	163	814	1,032	-	1,032	-	x
Hailsham/Polegate/Eastbourne Movement & Access Corridor	2,350	2,350	1,027	74	679	348	-	348	-	xi
Terminus Road Improvements	8,250	9,000	2,245	2,050	2,995	(750)	(750)	-	-	xii
Other Integrated Transport Schemes	35,251	34,501	2,085	542	1,383	702	750	702	(750)	xiii
Eastbourne Town Centre Movement & Access Package	3,486	3,486	830	108	148	682	-	682	-	xiv
Community Match Fund	1,500	1,500	241	(4)	119	122	-	122	-	xv
Exceat Bridge	2,633	2,633	660	326	660	-	-	-	-	
Queensway Depot Development	1,956	1,956	300	363	500	(200)	-	-	(200)	xvi
Hailsham HWRS	97	97	73	-	73	-	-	-	-	
Highways Structural Maintenance	236,348	236,348	23,624	8,975	23,624	-	-	-	-	
Core Programme - Bridges	13,310	13,310	1,266	816	1,266	-	-	-	-	
Core Programme - Street Lighting -	10,133	10,133	1,115	415	1,115	-	-	-	-	
Core Programme - Rights of Way	4,883	4,883	416	205	416	-	-	-	-	
Total CET	569,079	569,079	64,534	20,843	60,160	4,374	0	5,534	(1,160)	

Governance – Q2 2019/20

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

Reconciling Policy, Performance and Resources (RPPR) –

The Annual Report, which highlights the Council's progress against our priorities in 2018/19, was published on our website in October 2019. The draft Portfolio Plans for 2020/21 – 2022/23 will be reviewed by the Scrutiny Committee RPPR Boards in December, before publication in March.

Transport for the South East (TfSE) – The TfSE Shadow Partnership Board met in September 2019 and agreed the draft Transport Strategy for consultation. A successful launch event was held on 10 October at a conference attended by over 250 senior representatives from local authorities, businesses and transport organisations. George Freeman, Minister of State at the Department for Transport, provided the keynote address. The Transport Strategy identifies that with the right investment in the region's transport network the South East's economy will more than double over the next thirty years – from £183bn to between £450bn and £500bn per year – creating an additional 500,000 jobs, boosting quality of life and access to opportunities and helping cut the South East's carbon emissions to net-zero. The Strategy proposes a shift away from the current focus on planning for vehicles to one based on providing for people and places. Instead of expanding the network to address congestion this approach would see increased investment in public transport alternatives, developing integrated land use planning policies, and adopting emerging transport technologies, and demand management policies. Engagement events took place throughout October to engage with stakeholders, community groups, MPs and residents. The consultation will close on 10 January 2020.

The recent consultation on the draft proposal to Government resulted in almost 100 responses, with overwhelming support for the creation of a statutory Sub-national Transport Body in the south east. The proposal, which forms the basis of the bid for statutory status, was revised to take account of the comments received and agreed by the Shadow Partnership Board in September 2019. Discussions are underway with the Department for Transport to agree the most appropriate timescales for submission of the proposal.

Corporate Lobbying – In Q2 we continued to lobby for an adequate funding settlement for 2020/21, of at least the funding level received in 2019/20, uplifted to reflect ongoing financial pressures. This was partly delivered on in the one-year Spending Round in September, which confirmed continuation of one-off funding grants allocated last financial year and additional funding for social care and Special Educational Needs and Disability provision. Lobbying activities this quarter included:

- The Leader wrote to Rishi Sunak MP to congratulate him on his appointment as the new Chief Secretary to the Treasury, share detail on our medium term financial position published at State of the County, and offer to meet, with East Sussex MPs, to discuss working together.
- The Leader signed a public County Councils Network letter urging the new Prime Minister to deliver on his promise to 'level up' funding for communities by committing to deliver the fair funding review and ensure county councils' future funding reflects their local need. The letter was published in the Daily Telegraph and received widespread national media coverage.
- Following a letter from the Leader in Q1, Luke Hall MP, the new Minister for Local Government agreed to meet with the Leader and East Sussex MPs to discuss Council funding. The General Election was called before a meeting date was agreed.
- The Leader and Chief Executive wrote to, and met with, local MPs to keep them briefed on our latest financial position and discuss other local priorities.

Lobbying will continue in Q3 as we focus on securing a longer-term sustainable funding settlement in the next Spending Review under the next Government.

Supporting democracy – During Q2 we supported 32 meetings including: one County Council meeting; one Cabinet meeting; eight Lead Member meetings; eight Scrutiny Committees and Review Boards; and 14 other committees and panels. We also published agendas for a further 16 meetings. There were 654 unique page views on the Members' Intranet site.

Scrutiny Committees have continued to pursue a broad range of work, including several active scrutiny reviews which aim to make recommendations to improve services and address challenges. Two reviews were completed during Q2 and will be considered by Cabinet and Council in Q3. Two workshop sessions were held during Q2 which enabled Members to develop their approach to undertaking effective scrutiny reviews, taking into account recently updated national guidance.

With oversight from the Member ICT and Development Reference Group, we have continued to deliver the Member training programme. Training delivered in Q2 focused on scrutiny, social media and IT, with further topics scheduled for Q3.

The main round of school appeals concluded at the end of the summer term, with remaining hearings for both primary and secondary school appeals taking place early in Q2. Further late September intake and other in-year appeals have been received and hearings arranged as required following the start of the autumn term. The service is supporting an increasing number of academy trusts as well as maintained schools. In total 78 school admission appeals were received during Q2, 35 of which were for academy schools which are signed up to our service. The majority of appeals continue to be submitted using the secure online digital appeal management system and further development of this system is planned to enhance the administration of the appeals process.

Legal Services – During Q2 we assisted Trading Standards in securing a confiscation order for fraudulent trading resulting in a fine of £14,459, which included a payment to Trading Standards of £5,350. We also assisted Trading Standards in the successful prosecution of a counterfeit trading offence which resulted in a fine of £300 and costs of £500. Through successful legal mediation, we achieved the settlement of an historic debt case with an agreement reached to pay £32,500 to the Council. We collected other debts totalling £48,933 and agreed repayment plans totalling a further £9,038. We also carried out 95 prosecutions for failure to send a child to school. In addition, we dealt with 17 contentious vulnerable adult cases and 59 Deprivation of Liberty applications in the Court of Protection.

In Q2 we completed six 106 agreements which helped to secure financial contributions for the Council in excess of £47,000. In addition highway rights were secured with the completion of two Deeds of Dedication and one Deed of Easement. Works to improve or create highways were secured under six highways agreements. The property team continued to work alongside colleagues to manage the Council's property portfolio, undertaking all aspects of commercial property work including completing sales of disposable assets, leases and licences.

In Q2 we also continued to advise and assist Children's Services both in pre-proceedings and court applications with the ultimate aim of keeping children with their families, where it is safe to do so. In Q2, we applied for care proceedings in respect of 22 families compared to 18 in Q1 and at the end of Q2 we had a total of 53 live care proceedings compared to 64 in Q1. We are currently working with Sussex Police on a new protocol for sharing of information in relation to public law proceedings, which will reflect the shared aim of working together in the interests of the safety of children.

Coroner Services – On average 178 deaths per month were reported to the Coroner in Q2. This is slightly lower than the Q1 figure of 197. 91 inquests were opened in Q2, whereas 74 were opened in Q1, and 70 were closed, a similar number to the 71 closed in Q4. The Council continues to work closely with the East Sussex Hospital Trust's Mortuary Managers and the Senior Coroner to manage the availability of pathologists.

Regulation of Investigatory Powers Act (RIPA) – No RIPA applications for Directed Surveillance were made in Q2.

Local Government Ombudsman complaints – 20 decisions were issued in Q2 with 11 of these cases relating to Adult Social Care (ASC), one Communities, Economy & Transport (CET) and eight Children's Services (CS). 11 were closed before a full Ombudsman investigation for reasons including, insufficient evidence of fault, complaints being out of the Ombudsman's jurisdiction and the complaint not having been through our internal complaints processes.

Of the nine fully investigated, six were closed with no fault found and three were closed with the complaint partly or fully upheld.

ASC – Transitions Service: Fault was found with the way the Council planned a disabled child's transition from children to adults services. This included a delay in referring a college placement request, a lack of effective joint working and information sharing between ISEND and the Transitions team and delays in completing the Deprivation of Living Safeguards assessment. The Council agreed to apologise for the faults found and pay £500 in recognition of the distress caused. We also agreed to draw up a protocol to ensure effective joint working and information-sharing between officers in ISEND and the Transitions team, arrange a briefing session for officers and provide information about the systems we have put in place to identify young people whose specialist educational placements are ending.

CS – Fault was found that the Council failed to follow the statutory children's complaint procedure properly. The Council agreed to escalate the complaint to stage 2 of the procedure.

CS – Child Protection: The Council was found at fault for not taking action to progress the case after the Review Child Protection Conference Chair had issued his recommendations in July 2018. Furthermore, it was at fault for not bringing the date of the subsequent conference forward after it decided to recommend the cessation of the child protection plan in March 2019. The Council agreed to apologise for the faults outlined and to pay the complainants £500 in recognition of the injustice caused. The Council also agreed to send a copy of the decision statement to all social workers and managers working in child protection for learning purposes, with a briefing stressing the importance of adhering to timeframes, of considering the use of independent assessors and of bringing forward the date of conferences when necessary.

Effective publicity and campaigns – Three new videos were launched featuring cabinet members/scrutiny chairs explaining some of the Council's recent key investments and decisions (road re-surfacing, a new primary school, wildlife verges etc.). Together they have been viewed more than 21,000 times, with more than 180 shares among the positive responses.

A focused campaign to help recruit to hard-to-fill social care roles in Crowborough coincided with 16 shortlisted

applications for 12 posts by the end of Q2 – the highest rate of interest ever received. The campaign refined the job description, created short and memorable video advertising and targeted it at specific local audiences via social media and newsletters.

Media work – The press office issued 36 press releases in Q2 which resulted in 159 media stories, of which were 32 were radio or television. There were also 181 media enquiries in this period with 476 referring to the Council.

Web activity – Q2 saw 3.2 million page views of the Council's main website from 384,551 users. Almost 55% of visitors were using a mobile or tablet device but those visitors account for only 48% of pages viewed, with desktop users visiting more pages on average.

Third Sector support – During Q2 we worked with Crowdfunder and our local partners to further develop the digital marketing and promotion for Crowdfund East Sussex, with the second round of How to Crowdfund training sessions taking place in Hastings and Eastbourne. Examples of successful crowdfunding are emerging, such as the Rother Field and St. Martin DEMENTIA SUPPORT: Tackling isolation & loneliness programme.

We have also supported the development of the Social Value Market Place led by Orbis Procurement. The market place brings together the private, public and Voluntary, Community and Social Enterprise (VCSE) sectors to improve the social, economic and environmental wellbeing of East Sussex through the delivery of social value.

We continued Partnership Plus discussions and took the lead on exploring with partners how we could redraft and revitalise the East Sussex Compact so that it better reflects the growing collaborative relationships we have with the VCSE sector, and our public sector colleagues.

We agreed and signed new contracts for the Generic Infrastructure Services (GIS) with three providers covering all of East Sussex, the providers are 3VA, HVA, and RVA. Providers are keen to continue building relationships with public sector officers and elected members, to enable stronger relationships and understanding of the local VCSE sector. The new GIS contract provides a wide range of services and activities aimed at enabling local VCSE organisations to build greater resilience, self-sustaining capacity and capabilities to deliver activities and services that benefit the users of their services and communities.

East Sussex Community Voice, our Healthwatch East Sussex (HWES) provider, continues to deliver a robust service, and has been nominated for a Healthwatch England Diversity and Inclusion Award, with winners to be announced in Q3. HWES are an active VCSE partner on a number of strategic partnerships and boards, including the East Sussex Health and Wellbeing Board, and Sussex Health and Care Partnership.

South East 7 (SE7) – In August the Leader wrote on behalf of SE7 Leaders to the new Chancellor of the Exchequer and Secretary of State for Housing, Communities and Local Government congratulating them on their appointments and encouraging them to work with SE7 to deliver shared priorities. The SE7 Leaders' Board met in September, where it was agreed Cllr Keith Glazier would continue as Chair of the partnership and Cllr Tim Oliver, Leader of Surrey County Council, was appointed the partnership's new Vice Chair. The Board also received a presentation from Kent County Council on their review of older people's housing provision, discussed the merits and opportunities of older people's housing solutions for reducing social care demand and costs, considered the impact of the Spending Round on SE7 authorities' 2020/21 budgets and discussed Brexit preparations. SE7 Chief Executives continue to meet regularly, including with senior civil servants, to progress the partnership's work and monitor opportunities for the partnership.

Health and Wellbeing Board (HWB) – On 17 September 2019 the HWB considered a report on the proposals for developing a joint plan and for integrated health and social care in East Sussex. The HWB endorsed the approach and agreed to receive a further report in December with more detailed plans for 2020/21, including proposals for an Integrated Care Partnership. The Board also approved plans for the Better Care Fund, which sets out how the investment will be used to meet performance targets for improved joint working and priorities for integration. These plans will now be subject to NHS assurance and if agreed will enable a pooled budget to be set for the Fund.

Revenue budget summary – The Governance budget is projected to underspend by £242k, due to staff vacancies and a reduction in non-staff spend across all teams. There is some additional spend on the Coroner's pathology fees.

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

Performance measure	Outturn 18/19	Target 19/20	19/20 RAG				2019/20 outturn	Note ref
			Q1	Q2	Q3	Q4		
There are no Council Plan targets								

Savings exceptions

Service description	2019/20 (£'000) – Q2 Forecast					Note ref
	Original Target For 2019/20	Target including items c/f from previous year(s)	Achieved in-year	Will be achieved, but in future years	Cannot be achieved	
Savings						
There are no targeted savings in 2019/20	-	-	-	-	-	
	-	-	-	-	-	
	-	-	-	-	-	
Total Savings	0	0	0	0	0	
			-	-	-	
			-	-	-	
			-	-	-	
Subtotal Permanent Changes			0	0	0	
Total Savings and Permanent Changes	0	0	0	0	0	

Memo: treatment of savings not achieved in the year (£'000)	Temporary Funding	Part of reported variance	Total	Note Ref
	-	-	-	
Total	0	0	0	

Revenue budget

Divisions	Planned (£000)			Q2 2019/20 (£000)						Note ref
				Projected outturn			(Over) / under spend			
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net	
Corporate Governance	5,000	(534)	4,466	4,779	(536)	4,243	221	2	223	
Corporate Support	3,303	(403)	2,900	3,341	(460)	2,881	(38)	57	19	
Total Governance	8,303	(937)	7,366	8,120	(996)	7,124	183	59	242	

Capital programme

Approved project	Total project – all years (£000)		2019/20							Note ref
			In year monitor Q2 (£000)				Analysis of variation (£000)			
	Budget	Projected	Budget	Actual to date	Projected 2019/20	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 2019/20		
Ref	Strategic Risks	Risk Control / Response and Post Mitigation RAG score
12	<p>CYBER ATTACK</p> <p>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:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>	<p>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.</p> <p>Expanding Security Information and Event Management (SIEM) system capabilities to align with SCC and leverage latest standards of automation, detection and prevention.</p> <p>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;</p> <p>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;</p> <p>Providing GDPR training and workshops to cascade vital skills and information to those affected by new Data Protection laws;</p> <p>ESCC servers moved to the Orbis Primary Data Centre for resilience – An accredited Tier 3 environment certified to these standards:</p> <ul style="list-style-type: none"> • 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. <p>Disaster Recovery services now to similarly be relocated to a Tier 3 Data Centre environment (Orbis Secondary Data Centre in Guildford).</p>

R

Strategic Risk Register – Q2 2019/20		
Ref	Strategic Risks	Risk Control / Response and Post Mitigation RAG score
4	<p>HEALTH</p> <p>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.</p>	<p>In addition to ongoing work to develop an East Sussex Plan and contributing to the Sussex Health and Care Partnership Strategy response to the LTP, progress has been made on the following:</p> <ul style="list-style-type: none"> • Meetings are ongoing between Chief Executives and Senior Executives from East Sussex CCGs, ESCC, ESHT, SCFT and SPFT to develop our Integrated Care Partnership proposal. The proposal covers long term objectives and the elements that will be in place for April 2020, in summary: • A common operating model across community and primary care reflecting NHS LTP commitments and ESCC priorities • A common planning process to align investment with priorities across health and social care resources to deliver outcomes • A single framework for managing resources and agreement on alignment and/or pooling of resources • Agreed accountability and risk sharing for the aligned and pooled resources • Agreed contractual framework including the AIC, supported where appropriate by an MOU/ partnership agreements • A single programme is being constructed and resourced to deliver this across the system, including the identified steps in the overall roadmap • The East Sussex Health and Social Care System Partnership Board has now launched and our system partnership governance structure agreed to include representation from organisations that impact on the wider determinants of health. This will oversee developments of both the East Sussex Plan and ICP proposals • First draft proposal will be ready to be shared more widely across system partners by the end of October to align with East Sussex Long Term Plan implementation • The consultation for the Sussex CCGs operating model has now been launched with implications for East Sussex for joint commissioning, health and care population commissioning and primary and community care. In developing a common operating model there are strong dependencies with PCN development and the Network DES Contract, which needs to sufficiently align with local ICP model development at the optimum scale and scope to achieve shared outcomes and delivery across primary and community care. The need for early engagement on ICP model development with new PCN Clinical Directors is supported and structured on ICP footprints has been flagged with CCG colleagues.

R

Strategic Risk Register – Q2 2019/20			
Ref	Strategic Risks	Risk Control / Response and Post Mitigation RAG score	
5	<p>RECONCILING POLICY, PERFORMANCE & RESOURCE</p> <p>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.</p>	<p>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. We will continue to lobby for the need for long term, predictable and sustainable funding for local government and East Sussex, which reflects our residents' real and growing need through the fair funding review and anticipated spending review next year. We will also continue to make realistic and deliverable plans for working within the funding we are likely to have available, reflecting the recent Government announcement as part of its one year spending round.</p>	R
15	<p>CLIMATE</p> <p>Failure to limit global warming to 1.5°C, requiring global net human-caused emissions of carbon dioxide (CO2) to fall by about 45 percent from 2010 levels by 2030, reaching 'net zero' around 2050. This increases the risks to East Sussex of hotter, drier summers; changing rainfall patterns, with more intense rainfall episodes and longer periods without rainfall; milder winters; more frequent extremes in weather that are either prolonged or severe; and sea level rise with potential for increased storm surges.</p>	<p>Climate change adaptation: we are following national adaptation advice, including working with partners on flood risk management plans, a heatwave plan and drought plans.</p> <p>Climate change mitigation: we are continuing to reduce the County Council's own carbon footprint, which was cut by 46% between 2008-9 and 2017-18.</p>	R

Strategic Risk Register – Q2 2019/20			
Ref	Strategic Risks	Risk Control / Response and Post Mitigation RAG score	
14	<p>NO-DEAL BREXIT</p> <p>The UK withdraws from the EU with no agreed deal, transition or implementation period leading to disruption in the county, failure to deliver Council services and/or increasing existing areas of risk.</p> <p>Key areas at risk of disruption:</p> <ul style="list-style-type: none"> - Disruption at Newhaven port and across the ESCC road network; - Disruption to waste collection and disposal; - Disruption to fuel supply; - Disruption to service delivery due to staff availability; - Communication with staff, partners and public; and - Procurement and the effect on the supply chain. 	<p>Relevant Council teams are actively monitoring Brexit discussions and developments, considering potential implications/ disruption and developing contingency plans. This work takes place as part of business as usual activity to identify how the national and local context impacts on services. Many of the key areas at risk of disruption are already on the Strategic risk register (Workforce, Recruitment) or departmental risk registers and are subject to business as usual risk management.</p> <p>The Communities, Economy and Transport (CET) Department is leading the assessment of a no deal Brexit from an Emergency Planning and Resilience perspective.</p> <p>Chief Officers are involved in regional and national information and developments in relation to Brexit.</p> <p>To ensure a coordinated response, Brexit planning is a regular item at Corporate Management Team (CMT) meetings, and a short life Brexit Task Group has been set up to avoid unnecessary impact on the Council's usual business. The task group will share actions that are being taken; monitor progress on agreed actions; and identify any common ground to avoid duplication. The task group is comprised of a representative from each department and lead officers from HR, Procurement and Emergency Planning.</p>	R
1	<p>ROADS</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>Additional DfT money from 2018/2019 has supported this approach.</p>	A

Strategic Risk Register – Q2 2019/20		
Ref	Strategic Risks	Risk Control / Response and Post Mitigation RAG score
7	<p>SCHOOLS</p> <p>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</p>	<ul style="list-style-type: none"> • In September 2019 the Department published its refreshed Excellence for All strategy. The updated strategy outlines the shared vision, values and ambitions the local authority and our partners have for creating an excellent education system in East Sussex where no child or educational establishment is left behind. There is a sharper focus on the most disadvantaged and on how we will deliver improvement through the partnership structures in the county. • 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 DfE, 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.

A

Strategic Risk Register – Q2 2019/20			
Ref	Strategic Risks	Risk Control / Response and Post Mitigation RAG score	
8	<p>CAPITAL PROGRAMME</p> <p>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.</p>	<p>Governance arrangements continue to be 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 and, Local Growth Fund monies. A cross department sub board has been set that oversees the process for bidding for CIL and to the use of S106 funds, work continues with Districts and Boroughs to maximise the Council's receipt of these limited resources.</p> <p>As part of 2019/20 budget setting, a risk factor has been introduced to acknowledge and address the continuous level of slippage in the capital programme, its impact on the financing of the capital programme, and therefore on treasury management activity. The Board will monitor the risk adjusted budget alongside the original budget to further scrutinise those projects continuing to slip. During 2019, improving the monitoring and reporting of the capital programme will be a key area of focus.</p>	A
9	<p>WORKFORCE</p> <p>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.</p>	<p>The 2019/20 Q1+2 sickness absence outturn for the whole authority (excluding schools) is 3.73 days lost per FTE, a decrease of 6.0% since the same period last year.</p> <p>Although stress/mental health remains the primary reason for absence, time lost due to stress/mental health during 2019/20 Q1+2 fell by 3.4% compared to 2018/19 Q1+2. Interestingly, during that period whilst days lost due to stress have fallen by 24.6%, Mental Health has increased by 27.9%</p> <p>A range of initiatives to address mental health absences have been implemented, including:</p> <ul style="list-style-type: none"> • 72 Mental Health First Aiders have been trained across the organisation • ESCC Campaign launched for World Mental Health Awareness Day on 10 October 2019 • Employee and Managers Mental Health Guides have been produced alongside a supporting toolkit and dedicated resource intranet page • A Bereavement guidance document is being produced to provide managers with clearer guidelines and signposting on support available • The Return to Work forms are being developed to include more guidance for managers on mental health conditions such as stress/anxiety, diagnosed mental health condition and bereavement • Stress Risk Assessment form is being reviewed to encourage meaningful conversations and to provide targeted signposting for employees both in and out of work 	A

Strategic Risk Register – Q2 2019/20			
Ref	Strategic Risks	Risk Control / Response and Post Mitigation RAG score	
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 has been considered by CMT. Two work-streams of 'attracting and recruiting the future workforce' and 'leading the workforce' are now being progressed. These will report in January 2020. A new e-Recruitment system went live on 1 April 2019; customer feedback will be sought following 6 months of operation with the aim of identifying any further areas for improvement.	A
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 £115m, 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 (SEBB), LoCASE, SECCADS and inward investment services for the county. We continue to bid for further EU funding for the above with bids being prepared for submission in July for a SEBB 2 and separately an inward investment programme looking to commence in April 2020 for a further 3 years. The County Council has worked with Wealden DC and developed an outline business case that has been submitted to the Major Road Network programme in May 2019, to secure funding for approximately £34.3m towards local transport interventions along the A22/A27 Growth Corridor. 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. Furthermore, there are several new funds currently being released for bidding including Future High Streets, Stronger Towns Fund and European Social Fund and we have been actively working with partners in submitting proposals and await the outcome. Government has also instigated a review of LEPs across the country. We are supporting the two work-streams that have been established to address SELEP board composition, diversity and appointments AND the establishment of a legal personality as a company limited by guarantee. We are now working with SELEP partners to compile the Government's requirement that every LEP has in place a Local Industrial Strategy by March 2020, which will be a key determinant to accessing future Government funding. East Sussex have been successful in securing an additional £2.46m funding from the SELEP for two projects that will create new jobs and workspaces in Bexhill and provide a replacement for Exceat Bridge to improve connectivity and support housing growth.	G

East Sussex Looked After Children's Services Annual Progress Report 2018/19



Who did we look after? (1)

- On 31 March 2019 there were 600 Looked After Children (LAC) in ESCC; this represents a decrease of 3 children (0.5%) as compared to 2017/18 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 2017 England rate of 64.0.
- The LAC data only ever gives a snapshot of our 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 2018/19 is 188 which, when added to the total number of LAC, equates to the service working with 788 children. This total figure is higher than last year (756 children), and the churn rate is also higher than for the previous years (153 for 2017/18, 175 for 2016/17).

Who came in and out of care?

- There was a decrease in children coming into care from 212 during 2017/18 to 195 during 2018/19.
- The number of 0-5 year olds admitted to care during 2018/19 decreased to 87 (from 104 in 2017/18).
- The number of 6-12 year olds admitted to care during 2018/19 decreased to 38 (from 50 in 2017/18).
- The number of children aged 13+ increased from 58 for 2017/18 to 70 in 2018/19.
- At year end there was an increase in the number of our LAC leaving care, from 164 in 2017/18 to 197 in 2018/19.
- The number of 0-12 year olds leaving care increased slightly to 90 during 18/19 from 89 in 17/18. This was made up of 70 0-5 year olds and 20 were 6-12 year olds.
- There was an increase in the 13+ age group from 75 of our young people leaving care in 2017/18 to 107 in 2018/19

The trend for this year is showing, for the first time, a slight decrease in our LAC numbers as compared to the previous 3 years. During 18/19 there was a reduction in children coming into care in the 0- 12 year olds but an increase in the 13 plus age group. This increase was largely related to the changes in policy and practice, both locally and nationally, in relation to children who suffer neglect, sexual and criminal exploitation and also a more rigorous application of the Southwark Judgement, whereby teenagers can be offered section 20 accommodation and hence become LAC rather than being viewed as homeless. Although there were higher numbers of children leaving care across all age ranges, the overall 'churn figure' indicates not only greater numbers of our LAC worked with throughout the year, but that many of these children presented with greater levels of complexity particularly in the 13 plus age cohort.

Who did we look after? (2)

Children with disabilities who are looked after

- The number of our LAC with disabilities remains similar in 2018/19 to that of 2017/18.
- At 31 March 2019 there were **31** LAC with disabilities, 9 of whom, were aged between 16-19. This compares with 34 LAC, 14 of whom were aged between 16-19 in 2017/18.
- There were 10 LAC placed in residential schools and 7 were jointly funded with health. These children represent all of the LAC with disabilities placed out of county. The remaining LAC were placed within the county in either agency, in-house foster care or ESCC residential units. There is only one independent children's home in East Sussex and there was one child placed there.

Unaccompanied Asylum Seeking Children (UASC)

- At 31 March 2019 ESCC was caring for 36 UASC, 16 more than the previous year.
- These young people were mainly male and over 16, with an additional 27 having ongoing support needs as care leavers.
- In the last year, 5 children have come via The Vulnerable Children's Resettlement Scheme and the remainder have been spontaneous arrivals, found either by the Police or at Newhaven Port.

Looked after young people who offend

- The Youth Offending Team (YOT) worked with 48 of our young people. This accounted for 12.7% of the total young people worked with by the YOT throughout the year. Our LAC aged 10-17 is less than 1% of the total population of this age group across the county therefore our LAC are still over-represented. There is an agreed protocol in place which focuses on decriminalizing them where possible.

Where children are living (end of year snapshot data)

***Agency refers to mainstream schools**

Placement type	2018/19	2017/18
With foster carer	473	470
Of these; in house carers	327	331
Kinship carers	49	46
Agency carers	97	93
Placed for adoption	21	26
In supported lodgings	33	27
ESCC children's homes	18	21
Agency children's homes	27	29
Agency special schools	1	0
Placed with parents	23	20
Independent living	0	4
Youth custody/secure unit	2	5
Hospital/NHS establishment	2	1
Absconded	0	0

How well did we do? (1)

Indicator Ref	Description	2018/19 Value	2017/18 Eng	2017/18 Value	2016/17 Eng	2016/17 Value	2015/16 Eng	2015/16 Value
NI 58	Emotional & Behavioural Health of children in care	14.3 ↑	14.2	14.4 ↓	14.1	14.1 ↓	14.0	13.5 ↑
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)	420 days ↑	486 days	454 days ↑	520 days	479 days ↑	558 days	516 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)	197 days ↑	201 days	220 days ↓	220 days	212 days ↑	226 days	222 days ↓
Adoption Scorecard 3	% of children who wait less than 14 months between entering care & moving in with their adoptive family (3 year average)	57% ↓	56%	64% ↑	53%	61% ↑	47%	53% ↓

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

How well did we do? (2)

Indicator Ref	Description	2018/ 19 Value	2017/1 8 Eng	2017/ 18 Value	2016/1 7 Eng	2016/ 17 Value	2015/1 6 Eng	2015/ 16 Value
NI62 Placements 1	Number of children looked after with 3 or more placements during the year	12.0% 4i	10.0%	11.1% ↑	10.0%	13.8% 4i	10.0%	10.8% 4i
NI63 Placements 2	% of LAC under 16 who've been lac for 2.5 years or more & in the same placement for 2 years or placed for adoption	70.1% 4i	70.0%	70.2% 4i	70.0%	70.7% ↑	68.0%	65.0% ↑
Placements 3	% of LAC at 31st March placed outside LA boundary and more than 20 miles from where they used to live	11.5% 4i	15.0%	10.3% 4i	13.0%	8.4% ↑	13.0%	9.4% ↑
Leaving Care 2 * see note below	% of former relevant young people aged 19-21 who were in education, employment or training	52.1% ↑	51.0%	51.9% 4i	50.0%	53.0% 4i	49.0%	61.0% ↑

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

How well did we do? (3)

Indicator Ref	Description	2018/ 19 Value	2017/ 18 Eng	2017/ 18 Value	2016/ 17 Eng	2016/ 17 Value	2015/ 16 Eng	2015/ 16 Value
Leaving Care 3 * see note below	% of former relevant young people aged 19-21 who were in suitable accommodation	79.9% ↑	84.0%	77.3% ↑	84.0%	76.5% ↓	83.0%	81.7% ↑
Thrive PI 9	Rate of Children looked after per 10,000 population aged under 18	56.6% ↑	64.0	56.9 ↓	62.0	53.0 ↓	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.	87.8% ↓	86.0%	88.2% ↓	86.0%	90.3% ↓	87.0%	92.8% ↑
PAF C81	Final warnings, reprimands and convictions of lac	2.0% ↑	4.0%	2.3% ↑	4.0%	3.4% ↑	5.0%	3.8% ↔

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

So, in summary

- Although performance is set out in the grid above, the 2018/19 national data has not yet been published by the DfE.
- The rate of our LAC per 10,000 has remained fairly constant.
- There continued to be improvement in performance relating to Adoption timeliness, with good performance being maintained in the majority of other areas.
- The figures for care leavers are snapshot data. The other indicators, in relation to employability of older LAC and care leavers, remain above the South East and National average.

The physical health of our children

Initial Health Assessment (IHA) Monthly Performance Summary 2018-19 and 2019-20 Q1



Steps taken to improve performance in Initial Health Assessments (IHA)

- **Full review and relaunch of the process** by key social care and health personnel starting in Spring 2018.
- Robust IHA tracking system developed in collaboration with East Sussex Healthcare Trust colleagues which provides a clearer picture of where delays occur.
- There is also the option to track all due IHAs for children entering care in any given month.
- There was a significant improvement in performance from September 2018 onward, this has continued into 2019/20.
- Greater responsibility for the timely completion of all necessary paperwork was taken by the social work staff including the clarification for parental consent where required.
- Better communication at both the operational and strategic levels between social care and health staff.
- **43% of IHAs were completed within 20 days** against a target of 65% and **61% within 25 days** against a target of 75% in 2018-19.
(This target has been met in the first quarter of 2019/20 with 71% completed within 20 days and 76% completed within 25 days thus demonstrating that there has been a sustained improvement which has been embedded into practice).
- **294 Review Health Assessments (RHA)** were completed by East Sussex Healthcare Trust for East Sussex LAC in 2018/19.

Areas for improvement 2019/20

- **Exceed target for IHAs within statutory timescales**
- **Improve timeliness and reporting of RHAs**
- **Improve quality of health passports for care leavers**
- **Improve pathways into mental health services for LAC and Care Leavers**

The mental health of our children (1)

LAC Children's Mental Health Service (LACMHS)

- **LACMHS received 50 new non-urgent referrals during 2018/19** and all but **3** were accepted and an initial consultations were offered.
- **An additional 35 of our children and young people were also seen urgently** due to the severity of the symptoms they presented with, such as suicidal thoughts and/or serious self-harm, depression or psychotic symptoms.
- **In addition, there was also a cohort of up to 84 LAC** at any one time, who were **in receipt of on-going therapeutic support**. This took the form of individual therapy, dyadic therapy (child and carer together), systemic therapy and/or consultation to the foster carer and network. LACMHS also provided:
 - One Therapeutic Parenting Group (working with 10 carers of 8 young people, their social workers and supervising social workers).
 - Weekly consultation to staff at Homefield, Brodrick House and Hazel Lodge.
 - Weekly consultation to the Through Care Team.
 - Monthly 'drop in' consultation surgeries to the Fostering Service and each of the three LAC teams.
 - LACMHS continued to work in close collaboration with its partner agencies to provide a service for those LAC with a care plan of permanence away from their birth family.
 - The response to new and urgent referrals continued to be prompt with a risk assessment being provided within one week. Ongoing therapeutic work was highly valued by all partners and was deemed to be a significant contributor to the outstanding judgement made in the OFSTED inspection.

The mental health of our children (2)

Areas for development in 2019/20 for LACMHS

LACMHS has developed a number of strategies for reducing the waiting time for on-going therapeutic work which have been approved by both Health and Children's Services Managers during this year, and which will be implemented and reviewed over the coming year.

Our approach is informed by the voice of children and young people

12,166 local votes in Make Your Mark 2018 from 17 schools which equals 21% of young people aged 13 – 18 in East Sussex.

The Youth Cabinet, CICC and other local youth voice groups developed their campaigns which focused on these top priorities:

End Knife Crime, Mental Health and Homelessness.



In October 2018, the Duke and Duchess of Sussex met with 50 young people from youth groups around the county. They discussed the issue of mental health with the young people and what could be done to promote good mental health.

In November 2018 more than over 50 young people took part in East annual Sussex Takeover Day and discussed mental health and emotional wellbeing.



The Education of our children

- The Virtual School caseworkers continued to support the education of all ESCC LAC, including care leavers, and developed their role of providing advice and guidance for children adopted from care, subject to special guardianship orders and child arrangement orders.
- The Virtual School funded and worked with the Placement Support Team to facilitate the Coram Bright Spots Survey which gathered the thoughts of looked after children (4-18 years) . A feedback event and a range of service meetings gave children and staff an opportunity to hear about the survey outcomes. Discussion was held about the findings and a plan was created to inform practice across the authority.
- The Virtual School increased it's bank of casual intervention teachers and worked in partnership with Alternative Education providers to improve the quality of short-term interventions. The team also continued to work closely with ESCC and external services to develop school practice.
- At Key Stage 2 there was an improvement in progress in Reading and Maths, and a very slight decrease in Writing. Teacher training has been put in place to respond to this.
- At Key Stage 4, progress and attainment scores decreased yet individual data showed that a small number of young people did not achieve any qualifications, and as such, had a significant impact on average scores. These were mostly our young people who came into care as teenagers. This is likely to continue to be an issue and is reflective of the National picture. Interventions were put in place to engage our LAC who were at risk of poor outcomes. The pathway into post 16 education remained a focus.
- In relation to our Care Leavers, as of March 2019, of the children who were in continuous care for at least 12 months before sitting their GCSE examinations, 86.1% of 16 — 17 year olds (year 12) were in education, training and employment (EET). This exceeded the target of 80% but is a reduction of 4 % on last year's data. 87% of 17 –18 year olds (year 13) were EET, exceeding a target of 70% and matching last year's data. 10% of Care Leavers accessed University which matches the 10% target.

Children in Foster Placements

- On 31 March 2019 there were 585 of our LAC in foster care. 450 of these children were placed within in-house foster carers as compared to 392 in the previous year. This included in-house 'parent and child' placements, children subject to Special Guardianship Orders placed with their former foster carers, and those older young people who remained in their 'Staying Put' fostering placements through to independence .
- The commissioning of external independent IFA placements remained at a similar level to that of 2017/18 with the total figure of mainstream LAC agency foster placements at 80.
- The Fostering Duty Team was extremely busy and provided a centralised service which commissioned all placements for our LAC. In 2018/19 the team:
 - Received 532 referrals for children needing placements.
 - Worked on a total of 608 placements, 121 of which were not required.
 - Made 487 placements of which 398 were placed with in-house foster carers.
 - The service often needed to respond to emergency and same day placements, the placement of LAC subject to care proceedings, and those LAC whose existing placements had disrupted. Many of these LAC presented with very complex and challenging behaviours.
- The Duty Team were involved in the matching of LAC, the quality assurance of all independent Fostering and Residential placements. In 2018/19:
 - 21 fostering households offering 36 placements were approved, compared to 19 fostering households offering 37 placements in 2017/18
 - A further 14 assessments of prospective foster carers were allocated for assessment, and booked for presentation to the Fostering Panel, which did not progress.
 - There were 9 Fostering assessments still in progress at year end.
 - The number of foster carers who retired was 10 in 2018-19 compared to 22 in the previous year. 21 new fostering households were approved giving the service a net increase in its resources.
 - On 1 April 2019 all foster carer allowances were uplifted by 3% by East Sussex County Council.

Children in Supported Lodgings

Supported Lodgings

- Between April 2018-March 2019, 40 of our young people have been newly accommodated in Supported Lodging's placements. This cohort included LAC and homeless young people.
- Supported Lodging's providers/carers were encouraged to extend their approval range. 2 Supported Lodging's carers were approved under Fostering regulations to become Fostering/Lodgings providers.
- Focused support and training was developed to support providers caring for young people with more complex needs.
- As at 31 March 2019 there were 48 Supported Lodging's households providing a total of 73 placements across the county.
- In the year 2018/19 there were:
 - 10 new Supported Lodging's approvals which provided 13 additional placements.
 - The Supported Lodgings team received 129 referrals requesting placements for young people. Of the 129 referrals, 53 were closed, 76 young people were placed.
 - **Please see the relevant link at the end of this report.**



Dong with his supported lodgings family, who help young people gain independence



Dame Jacqueline Wilson launching the new fostering information van which will help to recruit more foster carers

Adoption and Permanence key facts

	2015/16	2016/17	2017/18	2018/19
Number of children adopted	45	38	29	27 (AOs)
Number of adoption matches (children)	32	38	30	39
Number of permanent fostering matches (children)	10	14	5	4
Number of East Sussex adoptive matches (children)	26	30	30	33
Number of ASE adoptive matches (children)	0	0	0	2
Number of inter-agency matches (children):				
Permanence:	2	0	1	1
Adoption:	6	8	6	4
Number of prospective adopters approved (households)	41	30	25	33 (of which 4 2 nd time)
Number of permanent carers approved (households)	2	1	3	3
Number of children approved for adoption up to 31 st March 2017 (including 2 re approvals)	53	52	69	43
Number of children approved for permanence up to 31 st March 2019	14	32	24	22 (of which 10 change of Care Plan from adoption to perm)
Number of approved adopters waiting to be matched	22	20	12	14 (from the 33 approved this year)
Number of disruptions presented to Panel pre Order:				
Permanence:	0	0	0	0
Adoptions:	1	0	1	1

Children needing Adoption or Permanence

- In line with the national picture, the number of our LAC with a plan for adoption has decreased from 69 LAC in 2017-2018, to 43 LAC in 2018/2019.
- 39 LAC were matched during 2018/2019 which was a slight increase on the previous year. Whilst the number of LAC approved decreased during this period, the levels of complexity and uncertainty remained high.
- The ethnic profile of LAC approved reflected the local population; 6 of the total number approved were from other ethnic groups including Guyanese, Sri Lankan, White/African Caribbean and Iranian.
- The number of birth parents seeking leave to revoke Placement Orders continued to remain steady. This at times resulted in the a significant delay in the Adoption Orders being granted.
- There were 27 Adoption Orders granted in 2018/2019.
- During 2018/2019 88 households attended information events and 37 households registered their interest to adopt. The conversion rate from information event to registration remained high and 33 adopters were approved by the year end, an increase of 8 compared to 2017/2018.
- The Government's regionalisation agenda gained significant momentum during this period. ESCC has worked for the past 4 years with the Adoption South East partnership to form a regional adoption service and develop common practice in all areas of service delivery. It was recently agreed that ESCC would host the new regional service anticipating implementation and 'go live' in April 2020.
- There were 56 new referrals for post adoption support assessments over the past year, with the majority resulting in the provision of packages of support. The adoption CAMHS service, ADCAMHS, continued to offer a dedicated consultation and therapy service.
- ADCAMHS was commissioned to support 40 families but consistently provided a service to over 60 families. Adoptive families valued ADCAMHS, as the clinical work was proven to strengthen family relationships and increase placement stability. Feedback from adopters indicated that they appreciated the support and a key contact for 'the longer journey'.
- **Please see the relevant link at the end of this report.**

Our children's homes (1)

Brodrick Road in Eastbourne

continues to care for a very challenging group of our young people with differing presentations and very complex needs.

Lansdowne Secure

Children's Home has had a challenging 12 months. This is partly due to the impact of the building work for the extension to create 5 additional beds, due to finish in the spring of 2020. Because of this the number of rooms available has fallen from 7 to 6. The majority of our young people placed over the last six months have been from ESCC which has impacted on revenue income. In addition one of our most complex East Sussex young people has required 2 rooms in an area away from other young people further decreasing the availability of rooms to 5. There remains considerable challenges in recruiting new staff to the home.

Acorns, in Bexhill, provided regular overnight respite care for some of our severely disabled young people aged 7-19 utilizing 7 beds. There were, however, 2 full-time accommodated young people who remained throughout this period to avoid a change of placement close to their 19th birthdays. There was also a full-time emergency placement made available.

Homefield Cottage in Seaford has now changed its registration to include boys from the ages of 11-18 years. To date only girls have been placed, but the RHM would consider accommodating boys if the match was appropriate when a vacancy occurs.

Hazel Lodge in Hastings continues to practise 'Staying Close'.

One of their longer term residents had a successful transition to Supported Lodgings with the help of staff, and they are currently preparing another young woman towards the same outcome.

The Bungalow, in Eastbourne, is registered for 7 children aged 7-19 and has provided full-time accommodation to some of our disabled children who are unable to live in a family setting. They all attended local schools and all maintained contact with their families, facilitated on site. One young person moved onto to a permanent adult placement and another young person was admitted.

Our children's homes (2)

All our homes are externally inspected by Ofsted

- Acorns received an Ofsted judgement of 'Good' in August 2017 but Requiring Improvement in August 2018.
- Brodrick Road continued to maintain its 'Outstanding' rating.
- The Bungalow received a judgement of 'Good' in October 2018 but had declined in Effectiveness in February 2019.
- Hazel Lodge also achieved a well-deserved first 'Outstanding' from its full inspection.
- Lansdowne Secure Children's Home also received 'Improved Effectiveness' for its Ofsted interim inspection in March 2019. Their next full inspection will include Education and for the first time CQC to inspect health services within the home.

Looking after our older children (1)



The Through Care Team (TCT) – What we achieved

- The Local Offer was updated by the Through Care Team (TCT) and published online.
 - Our young people will be designing a 'young person friendly' format for the Local Offer through art workshops.
 - The Virtual School worked with the TCT to complete The Coram Voice Bright spots survey with Care Leavers. These findings will inform the development of the offer.
- There was a focus on reducing isolation for our 21 – 25 year olds and support was provided with a range of practical matters such as tenancy Support. There were also a number of additional supports made available by named Personal Advisors (PA) and Placements Support Workers (PSW), access to weekly drop-in sessions and involvement in social activities including Christmas parties, picnics and cinema trips.
- At March 31 2019 the team was working with 351 young people, compared to 277 in 2018/19. A significant proportion of these young people had highly complex behaviours with a range of challenging safeguarding issues.

Age	2018/19	2017/18
Under 16	41	12
Age 16 - 17	102	94
Age 18-24	208	171

- The team worked with some complex young people from the age of 14 to develop a Through Care model. This was embedded and found to work very well. All young people were allocated a PA by the time they reach 17 ½. A number of young people with complex needs were allocated to PAs and received this additional support much earlier on. Joint working has enhanced the offer to these young people through relationship based practice and resulted in improved progress and outcomes for them.

Looking after our older children (2)

- The Virtual School employed a participation worker to work with the TCT to improve the engagement of our young people in their own education and future pathways. There was improved attendance at our drop-in centres enabling our young people to focus on their employability. Transition planning for LAC who are the most complex in terms of disability continued to receive a service from Adult Social Care (ASC) and was managed by a specialist Transitions Team.
- Accommodation - During 2018-19 none of our older looked after LAC or 16 or 17 year olds presenting as homeless were placed in bed and breakfast accommodation. This was possible only because of the additional investment provided by the ESCC transformation fund to improve the accommodation offer for our vulnerable young people.

The Housing Project has focused on:

- Our vulnerable young care leavers and homeless young people.
- Increasing the numbers of Supported Lodging's providers.
- Developing the market and commissioning supported accommodation provision to extend the housing and accommodation pathway, and provide high risk emergency accommodation to mitigate the use of bed and breakfast.

Our Unaccompanied Asylum Seeking Children (UASC)

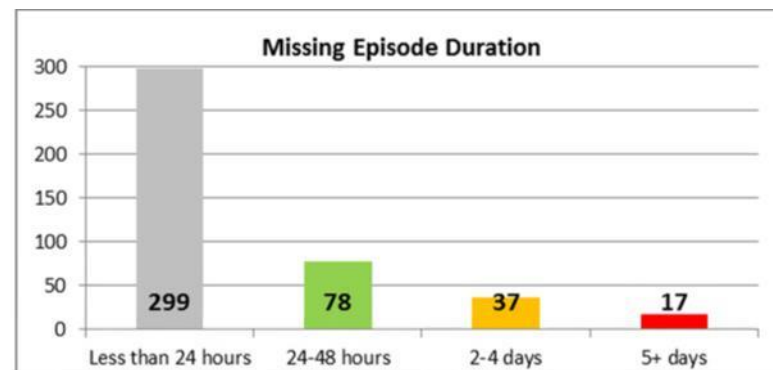
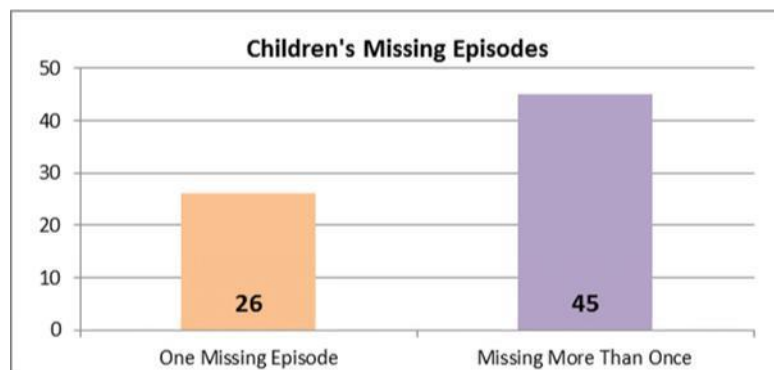
What we have achieved

- A full time PA was recruited to develop opportunities and links for our UASC, including access to vocational courses and work experience. As a result 92% of our UASC are now in education.
- The Service recruited an additional social worker.
- Training was provided on Age Assessments, Human Trafficking and Modern Slavery and recognising and working with Trauma.
- The Through Care Team provided specialist UASC training.

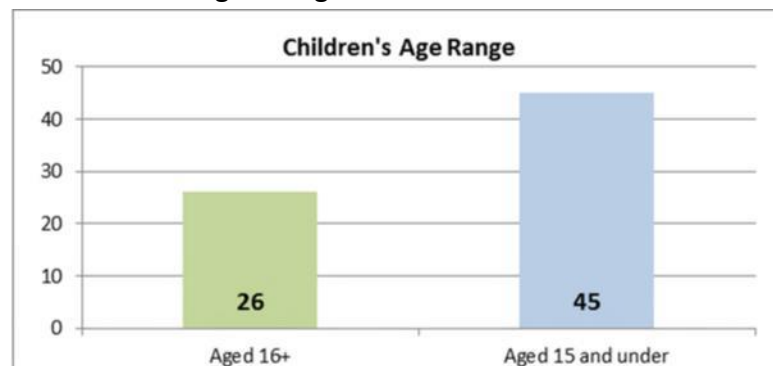
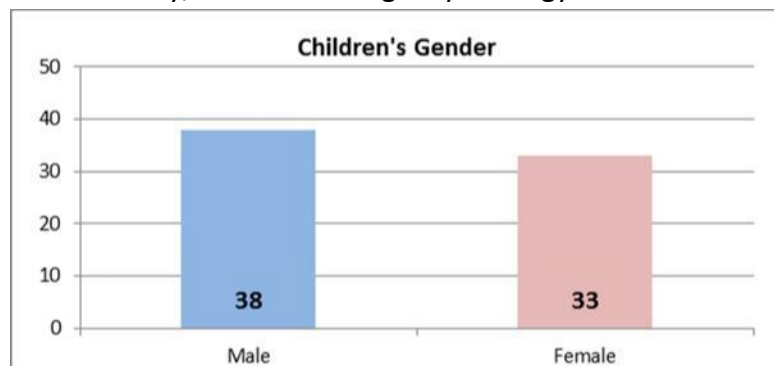
Future developments

- Improve links with adult services for ongoing support needs.
- Improve links with CAMHS including developing trauma screening tools.
- Develop better 'introduction' tools for our newly arrived young people.
- Develop mentoring for our new UASC by young people who are already looked after.
- Develop a UASC drop-in for our young people to allow them to meet socially, and also with professionals to discuss issues such as sex and relationships, the law in the UK, CSE and recognising and managing mental health.

Our children who are Missing and who are at risk of Child Sexual and Criminal Exploitation (CSE/CE) (1)



- In 2018/19 71 LAC went missing, 45 of whom were missing more than once. There were also 18 LAC who were absent (i.e. not where they should be), and 5 of these were absent more than once.
- In 2018/19 there were 431 missing episodes, of these, 299 episodes of children being missing for less than 24 hours, 78 episodes when they were missing between 24--48 hours, 37 episodes when they were missing between 2 and 4 days and 17 episodes 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 were regularly reviewed on high profile children who went missing and, where necessary, formal multi agency strategy discussions were held in line with Safeguarding Procedures.



Of the 71 LAC that went missing, 38 were male and 33 were female. 26 of this cohort were aged 16 and above, 45 were aged 15 and under.

Our Children who are Missing and who are at risk of Child Sexual and Criminal Exploitation (CSE/CE) (2)

- The MACE structure remained in place and the MACE Bronze Operational Group continued to meet monthly each side of the county to consider the referrals of all exploited children identified in East Sussex who were deemed to be at highest risk. MACE Silver Operational Group met bi-monthly to consider the strategic issues that were raised in relation to trying to safeguard this group of children. The criminal exploitation of children connected to 'County Lines' activity remained a significant issue within East Sussex, both for locally based children and those who were brought to the area from London. An annual audit of MACE Bronze casework was scheduled.
- As of March 2019 there were **27** children subject to East Sussex MACE Bronze panel oversight and therefore categorised as being at high risk of exploitation. **5** of these children were East Sussex LAC (**3** male and **2** female). There was **1** other local authority child in this group.
- The MACE Action Plan was updated for 2019-20 and was presented to the LSCB.
- The main themes identified for this year included improving school based responses to criminal exploitation, a better level of Police intelligence gathering from schools, continuing oversight on ensuring agencies are taking forward, effective disruption activity, for exploitation locally and that the response to our children who are missing remains consistent.

Our Children who are Missing and who are at risk of Child Sexual and Criminal Exploitation (CSE/CE) (3)

- Since 24 July 2018 the provision of Return Home Interviews (RHI) for all East Sussex children who went missing locally was provided by East Sussex Children's Social Care. The provision of this service by 'Missing People' charity ended on 24 July 2018 when the service was not recommissioned by any of the three Sussex Local Authorities.
- All of our East Sussex LAC had their RHI completed by their allocated social worker or trusted professional.
- Notifications of our missing children were received and screened by MASH (Multi Agency Safeguarding Hub) and were then shared with the relevant allocated social workers and Practice Manager if they had an existing allocated social worker.
- There was an established performance dashboard that measured all key data for our children who go missing. This performance dashboard was presented bi-monthly to the MACE Silver Operational Group which in turn was overseen by the LSCB Steering Group.

Independent Reviewing Officer Service (1)

The Independent Reviewing Office Service (IRO) is managed off line and is independent of the operational service for LAC and Care Leavers.

IMPACT

- All children who become looked after by ESCC are allocated an IRO within statutory timescales and the majority of these maintain a stable relationship with that same IRO throughout their time in our care. The Unit has an established staff complement which enhances long-term relationships. IROs demonstrate a strong commitment to LAC, resisting reallocation and working creatively to manage challenges caused by caseloads or location.
- 784 children were accommodated by ESCC throughout or for some part of 2018/19, with 610 LAC at year end. Each of these were required to have a review within the first 28 days of becoming accommodated; a second review within three months and thereafter a review no less than every six months. Supplementary reviews should take place if there were proposed significant changes to either placement, education or legal status.

PARTICIPATION

- 86% of children aged 4+ attended or actively contributed to their LAC review.
- Children are encouraged to Chair their own reviews and there is an enhanced focus on ensuring that they are consulted about who attends their meeting, where it takes place and what is discussed. The revised LAC Review documentation will place the child's participation at the center of the process and ensure that all decisions are recorded in an accessible, child focused manner

Thank you for all
your kindness and
understanding; for
being the one who
has been there
from the
beginning. C aged 18

I love my reviews,
I get to talk - yes its
good - I love them.

E aged 8

Independent Reviewing Officer Service (2)

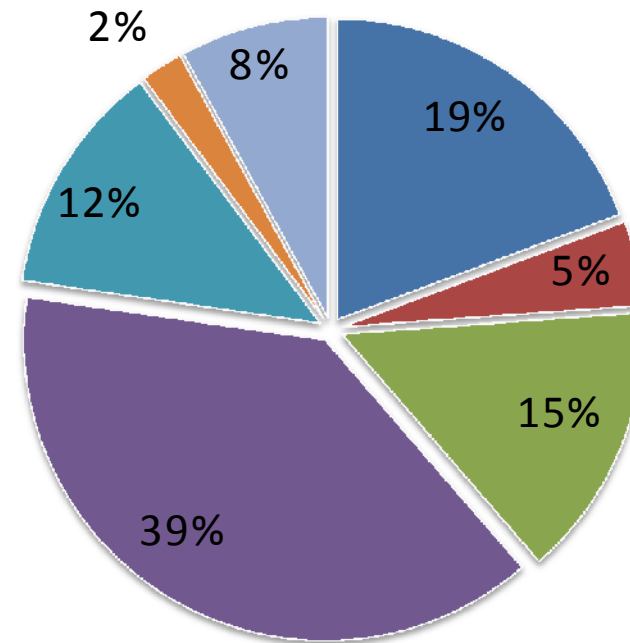
Timeliness Late Reviews

94.6% of all LAC Reviews were held early or on time in 2018/19.

88 reviews (5.4%) were late.

21 cases were a scheduling miscalculation of which 17 were miscalculated by just 1 day; 13 reviews were delayed in the best interests of the child, 34 were delayed due to an essential party being unable to attend and 2 were late due to travel requirements. 11 reviews were delayed due to capacity or reallocation within the Unit with 7 reviews late due to practice issues.

➤ [Please see the relevant link at the end of this report.](#)



- Miscalculation by 1 day
- Miscalculation by < 1 week
- Best Interests Decision Essential Party Unable to Attend
- Capacity Location
- Late Notification / Practice Issues

The role of our elected members

The Corporate Parenting Panel met quarterly during 2018/19 to scrutinize 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 2018

- LAC Statistics
- Interim report on Health of LAC
- Vulnerable Young People's House and Accommodation Project
- Ofsted Inspection reports for the following children's homes: - Homefield Cottage, Lansdowne Secure Unit
- Children's Home Regulations 2015, Regulation 44: Inspection reports for December 2017 to February 2018 for the following children's homes: Acorns at Dorset Road, Brodrick Road , Hazel Lodge, Homefield Cottage, Lansdowne Secure Unit, The Bungalow, Sorrel Drive

➤ July 2018

- ·Independent Reviewing Officer (IRO) Annual Report 2017/18
- ·Annual progress report of the East Sussex Fostering Service
- ·Annual progress report of the East Sussex Adoption and Permanence Service
- ·LAC Statistics
- Children's Home Regulations 2015, Regulation 44: Inspection reports for March 2019 to June 2017 for the following children's homes:- Acorns at Dorset Road, Brodrick Road , Hazel Lodge, Homefield Cottage, Lansdowne Secure Unit, The Bungalow, Sorrel Drive

October 2018

- LAC Annual Report
- LAC Statistics
- KS1, 2 and 4 outcomes for LAC 2017/18
- Unaccompanied Asylum Seeking Children Update
- Ofsted Inspection reports for the following children's' homes: Hazel Lodge, Brodrick House, Homefield Cottage
- Children's Home Regulations, Regulation 44: Inspection reports for June 2018 - September 2018 for the following children's homes: Acorns at Dorset Road, Brodrick Road , Hazel Lodge, Homefield Cottage, Lansdowne Secure Unit, The Bungalow, Sorrel Drive

➤ January 2019

- Presentation from the Children In Care Council (CICC)
- East Sussex Foster Care Association (ESFCA)
- LAC Statistics
- ·Ofsted inspection reports for the following children's homes - The Bungalow, Sorrel Drive, Lansdowne Secure Unit
- Children's Home Regulations 2015, Regulation 44: Inspection reports for March 2019 to June 2017 for the following children's homes:- Acorns at Dorset Road, Brodrick Road , Hazel Lodge, Homefield Cottage, Lansdowne Secure Unit, The Bungalow, Sorrel Drive

Priorities for 2019/20

Continue to improve the timeliness of return home interviews for LAC and Care Leavers

Embed the Local Offer to our LAC and Care Leavers and engage our partners with implementation

Improve the mental health pathways for our LAC and Care Leavers

Extend the pool of foster carers and progress the Regional South East Adoption agency

Complete the extension of Lansdowne Secure Children's Home

Embed commissioned housing options for our Care Leavers

Continue to improve performance on health assessments for Looked After Children

Learn from Serious Case Reviews and consider development of our Corporate Grandparenting Role

Links to Fostering and Supported Lodgings, Adoption and Independent Reviewing Officers Annual Reports 2018-19

➤ **Fostering and Supported Lodgings:**

For the full report, please see Item 9 on the following agenda:

<https://democracy.eastsussex.gov.uk/ieListDocuments.aspx?CId=141&MId=4058&Ver=4>

➤ **Adoption and permanence:**

For the full report, please see Item 10 on the following agenda:

<https://democracy.eastsussex.gov.uk/ieListDocuments.aspx?CId=141&MId=4058&Ver=4>

➤ **Independent Reviewing Officer (IRO):**

For the full report, please see item 11 on the following agenda:

<https://democracy.eastsussex.gov.uk/ieListDocuments.aspx?CId=141&MId=4058&Ver=4>

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Appendix 19

TREASURY MANAGEMENT POLICY AND STRATEGY 2020/21



CONTENTS

- 1. INTRODUCTION**
 - 1.1. Background
 - 1.2. Reporting Requirements
 - 1.3. Treasury Management Strategy for 2020/21
 - 1.4. Treasury Management Policy Statement
 - 1.5. Current Portfolio Position
- 2. BORROWING STRATEGY**
 - 2.1. Borrowing Strategy for 2020/21
 - 2.2. Policy for Borrowing in Advance of Need
 - 2.3. Debt Rescheduling
 - 2.4. Interest Rate Risk & Continual Review
- 3. MINIMUM REVENUE PROVISION POLICY STATEMENT**
- 4. ANNUAL INVESTMENT STRATEGY**
 - 4.1. Annual Investment Strategy for 2020/21
 - 4.2. Investment Policy – Management of Risk
 - 4.3. Sovereign Credit Ratings
 - 4.4. Creditworthiness Policy
- 5. OTHER TREASURY ISSUES**
 - 5.1. Banking Services
 - 5.2. Training
 - 5.3. Policy on the use of External Service Providers
 - 5.4. Lending to Third Parties
 - 5.5. Updates to Accounting Requirements

ANNEXES:

- Annex A Counterparty List
- Annex B Economic Background & Prospect for Interest Rates
- Annex C Prudential & Treasury Indicators
- Annex D Scheme of Delegation
- Annex E Investment Product Glossary

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 in 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."

1.2 Reporting Requirements

1.2.1 Capital Strategy

The CIPFA 2017 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report, to 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.

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 2020/21

The strategy for 2020/21 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 2019 and forecast at the end of the financial year is shown in **Table 1** below:

Table 1	Actual at 30 November 2019			Forecast to 31 March 2020		
	£'000	% of portfolio	Average Rate	£'000	% of portfolio	Average Rate
Investments						
Banks	177,000	75%	1.03%	177,000	77%	1.00%
Local Authorities	17,500	8%	1.11%	27,500	12%	1.15%
Money Market Funds	35,000	15%	0.82%	20,500	9%	0.80%
CCLA Pooled Property Fund	5,000	2%	4.00%	5,000	2%	4.00%
Total Investments	234,500	100%	1.06%	230,000	100%	1.05%
Borrowing						
PWLB loans	228,960	95%	4.76%	226,320	95%	4.72%
Market loans	12,900	5%	4.00%	12,900	5%	4.00%
Total external Borrowing	241,860	100%	4.72%	239,220	100%	4.68%

2. BORROWING STRATEGY

The capital expenditure plans of the Council are set out in the Capital Strategy Report being considered by Full Council on 11 February 2020. 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 its 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.

On the 9 October 2019, the Government unexpectedly announced an immediate increase to the PWLB interest rate for all new loans. The increase added 1% (100bps) to the cost of borrowing. The government also increased the statutory limit on how much the PWLB can lend to Local Authorities (from £85bn to £95bn). The increase to future borrowing cost will have an impact on the level of borrowing that the Council can undertake to support its capital programme. It has also been a major factor in reviewing the level of internal borrowing that the Council can support to minimise the impact of this change to the Council's revenue position. The increased cost has been factored into the Capital Strategy to 2022/23 and beyond, and the revenue impact has been included in the Treasury Management budget projections.

There is £25m expected to be funded via borrowing in the 2019/20 Capital Programme. No new external borrowing is expected to be undertaken to fund this, and this will be funded through cash balances. This borrowing requirement is expected to increase the Council's underborrowed position compared to its CFR from £1m at 31 March 2019 to £24m by 31 March 2020.

2.1 Borrowing Strategy for 2020/21

The Council's Capital Programme 2020/21 to 2022/23 forecasts £216m of capital investment over the next three years with £126m met from existing or new resources. The increase in the Council's borrowing need over this period is therefore £90m as shown in **Table 2** below.

2019/20 Projected	Table 2	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	Total
£m		£m	£m	£m	£m
100 (75)	Capital Expenditure Financed by: New & existing resources	99 (61)	59 (31)	58 (34)	216 (126)
25	Borrowing Need	38	28	24	90

Table 3 below shows the actual expected external borrowing against the capital financing requirement, identifying any under or over borrowing.

2019/20 Estimate	Table 3	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
£m		£m	£m	£m
243	External Debt at 1 April	239	245	265
(4)	Expected change in Debt	6	20	16
239	External Debt at 31 March	245	265	281
244	CFR* at 1 April	263	295	315
25	Borrowing need (Table 2)	38	28	24
(6)	MRP	(7)	(8)	(9)
263	CFR* at 31 March	294	315	330
24	Under / (Over) borrowing	49	50	49

**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 £90m over the next three 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. Modelling of the movement of reserves and the Council's capital expenditure plans demonstrates that the Council's long term reserves can support a level of approximately £50m of internal borrowing. This will mitigate the increase in the cost of borrowing and reduce counterparty risk within the Council's investment portfolio by reducing the portfolio size.

However, borrowing rates from the PWLB were increased by HM treasury by 1% during the autumn. 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 Chief Finance 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	2020/21	2021/22	2022/23
	£m	£m	£m
Maturing Debt	3	4	6
Debt Subject to early repayments options	6	6	6
Total debt at risk of maturity	9	10	12

Officers continue to review the need to borrow taking into consideration the potential increases in borrowing 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 2020/21 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 policy below reflects a change in the policy as approved and implemented for 2018/19 onwards; no further changes are proposed. The Council is recommended to approve the following MRP Statement for 2020/21 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, 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 2020/21

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 1.25% by Quarter 1 2022. Bank Rate forecasts for financial year ends (March) are:

2019/20	2020/21	2021/22	2022/23
0.75%	1.00%	1.00%	1.25%

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 was previously expected that a further £10m would take place during 2019/20. Further investment in property funds was paused during 2019/20 due to a combination of factors. Firstly, officers were looking to assess the impact of the withdrawal from the EU before further investments were made. A continuation of moving deadlines has therefore drawn out the investment decision. Additionally, the UK property market is forecast to take a downturn over the next 2-3 years. It is therefore not an appropriate time to increase investment balances with property funds.

An options appraisal process was undertaken during 2019/20 to ascertain a) an appropriate level of cash balances that can be invested into longer term instruments and b) which other instruments are most appropriate to expand and diversify the Council's investment portfolio. As a result, officers will undertake a selection process for Short Dated Bond Funds and/or Multi Asset Funds for investing between £5-10m of cash from 2020/21. Risks will be assessed in the context of prevailing economic and market conditions.

Table 5 below summarises the changes to the 2018/19 & 2019/20 strategies from those approved in 2017/18. No further changes are proposed for 2020/21, however, a separate line for Short Dated Bond Funds has been added to the Table 7 to clarify and outline the investment criteria for this instrument type to support the selection process. Each of the new investment products included are described in more detail in Annex E. 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	2020/21
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 (Including Short Dated 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;
- It receives a yield that is aligned with the level of security and liquidity of its investments;
- Where possible, it actively seeks to support Environmental, Social and Governance (ESG) investment products and institutions that meet all of the above requirements.

The preservation of capital is the Council's principal and overriding priority.

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 2020/21 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+ sovereign 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 officer's 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 2020/21 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	<ul style="list-style-type: none"> TDs Deposits on Notice Certificates of Deposit (CDs) 	N/A	£60m	12 Months
Banks	UK	<ul style="list-style-type: none"> TDs Deposits on Notice CDs 	Blue	£60m	12 Months
			Orange	£60m	12 Months
			Red	£60m	6 Months
			Green	£60m	100 Days
Building Societies	UK	<ul style="list-style-type: none"> 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	Liquid
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+*	<ul style="list-style-type: none"> 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)	N/A	£30m	2 - 5 years
Short Dated Bond Fund(s)	N/A	£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. Where Externally Managed Funds are not rated a selection process will evaluate relative risks & returns. Security of the council's money and fund volatility will be key measures of suitability. 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 2020/21 are appended at Annex A.

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

▪ IFRS9 – local authority override – English local authorities

The MHCLG enacted a statutory over-ride from 1 April 2018 for a five year period until 31 March 2023 following the introduction of IFRS 9 and the requirement for any capital gains or losses on marketable funds to be chargeable in year. This has the effect of allowing any capital losses on funds to be held on the balance sheet until 31 March 2023, allowing councils to initiate an orderly withdrawal of funds if required.

▪ IFRS 16 – Leasing

The CIPFA Code of Practice and Guidance notes for 2020/21 will incorporate the requirement to account for all leases onto the council's balance sheet. This has the following impact to this paper:

- The MRP Policy sets out how MRP will be applied for leases bought onto the balance sheet;
- The Council's Capital Financing Requirement authorised limit and operational boundary for 2020/21 onwards has been increased to reflect the estimated effect of this change. These limits can be amended during 2020/21, and brought to full Council to amend with the TMSS Mid Year report if the limits need to be increased following some more detailed work on the leases to be bought onto the balance sheet.

Counterparty List 2020/21

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	34.78	12	12	60
Bank of Scotland	UK	A+	F1	a	5	Aa3	P-1	A+	A-1	48.80	12	12	
RBS/NatWest Group:													
NatWest Bank	UK	A+	F1	a	5	A1	P-1	A	A-1	-	12	12	60
Royal Bank of Scotland	UK	A+	F1	a	5	A1	P-1	A	A-1	-	12	12	
HSBC Bank	UK	A+	F1+	a	1	Aa3	P-1	AA-	A-1+	30.67	12	12	60
Barclays Bank	UK	A+	F1	a	1	A1	P-1	A	A-1	43.08	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	56.91	6	6	60
Standard Chartered Bank	UK	A+	F1	a	5	A1	P-1	A	A-1	30.04	6	6	60
Nationwide Building Society	UK	A	F1	a	5	Aa3	P-1	A	A-1	-	6	6	60
Non UK Counterparties:													
Australia & New Zealand Banking Group	Australia	AA-	F1+	aa-	1	Aa3	P-1	AA-	A-1+	31.32	12	12	60
Commonwealth Bank of Australia	Australia	AA-	F1+	aa-	1	Aa3	P-1	AA-	A-1+	32.62	12	12	60
National Australia Bank	Australia	AA-	F1+	aa-	1	Aa3	P-1	AA-	A-1+	32.62	12	12	60
Westpac Banking Corporation	Australia	AA-	F1+	aa-	1	Aa3	P-1	AA-	A-1+	38.51	12	12	60
Royal Bank of Canada	Canada	AA	F1+	aa	5	Aa2	P-1	AA-	A-1+	-	12	12	60
Toronto Dominion	Canada	AA-	F1+	aa-	5	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
Swedbank AB	Sweden	AA-	F1+	aa-	5	Aa2	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	20.53	12	12	60
ING Bank NV	Netherlands	AA-	F1+	a+	5	Aa3	P-1	A+	A-1	20.26	12	12	60
UBS	Switzerland	AA-	F1+	a+	5	Aa2	P-1	A+	A-1	25.45	12	12	60
Credit Suisse	Switzerland	A	F1	a-	5	A1	P-1	A+	A-1	46.49	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	31.92	6	6	60

Yellow	Purple	Blue	Orange	Red	Green	No Colour
Up to 5yrs	Up to 2yrs	Up to 1yr (semi nationalised UK banks)	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)	N/A	£30m	2 - 5 years
Short Dated Bond Fund(s)	N/A	£30m	2 - 5 years

ECONOMIC OVERVIEW

Provided by Link Asset Services 23 December 2019

GLOBAL OUTLOOK. The trade war between the US and China is a major concern to financial markets due to the synchronised general weakening of growth in the major economies of the world, compounded by fears that there could even be a recession looming up in the US, though this is probably overblown.

These concerns resulted in government bond yields in the developed world falling significantly during 2019. If there were a major worldwide downturn in growth, central banks in most of the major economies will have limited ammunition available, in terms of monetary policy measures, when rates are already very low in most countries, (apart from the US).

There are also concerns about how much distortion of financial markets has already occurred with the current levels of quantitative easing purchases of debt by central banks and the use of negative central bank rates in some countries. The latest PMI survey statistics of economic health for the US, UK, EU and China have all been predicting a downturn in growth; this confirms investor sentiment that the outlook for growth during the year ahead is weak.

UK. While the Bank of England went through the routine of producing another quarterly Inflation Report, (now renamed the Monetary Policy Report), on 7 November, it is very questionable how much all the writing and numbers were worth when faced with the uncertainties of where the UK will be after the general election. The Bank made a change in their Brexit assumptions to now include a deal being eventually passed.

The Bank made a change in their Brexit assumptions to now include a deal being eventually passed. Possibly the biggest message that is worth taking note of from the Monetary Policy Report, was an increase in concerns among MPC members around weak global economic growth and the potential for Brexit uncertainties to become entrenched and so delay UK economic recovery. Consequently, the MPC voted 7-2 to maintain Bank Rate at 0.75% but two members were sufficiently concerned to vote for an immediate Bank Rate cut to 0.5%. The MPC warned that if global growth does not pick up or Brexit uncertainties intensify, then a rate cut was now more likely. Conversely, if risks do recede, then a more rapid recovery of growth will require gradual and limited rate rises.

The speed of recovery will depend on the extent to which uncertainty dissipates over the final terms for trade between the UK and EU and by how much global growth rates pick up. The Bank revised its inflation forecasts down – to 1.25% in 2019, 1.5% in 2020, and 2.0% in 2021; hence the MPC views inflation as causing little concern in the near future.

The MPC meeting of 19 December repeated the previous month's vote of 7-2 to keep Bank Rate on hold. Their key view was that there was currently 'no evidence about the extent to which policy uncertainties among companies and households had declined' i.e. they were going to sit on their hands and see how the economy goes in the next few months. The two members who voted for a cut were concerned that the labour market was faltering. On the other hand, there was a clear warning in the minutes that the MPC were concerned that "domestic unit labour costs have continued to grow at rates above those consistent with meeting the inflation target in the medium term".

If economic growth were to weaken considerably, the MPC has relatively little room to make a big impact with Bank Rate still only at 0.75%. It would therefore, probably suggest that it would be up to the Chancellor to provide help to support growth by way of a fiscal boost by e.g. tax cuts, increases in the annual expenditure budgets of government departments and services and expenditure on infrastructure projects, to boost the economy. The Government has already made moves in this direction and it made significant promises in its election manifesto to increase government spending by up to £20bn p.a., (this would add about 1% to GDP growth rates), by investing primarily in infrastructure. This is likely to be announced in the next Budget, probably in February 2020. The Chancellor has also amended the fiscal rules in November to allow for an increase in government expenditure.

Inflation The Consumer Price Index (CPI) has been hovering around the Bank of England's target of 2% during 2019, but fell again in October to 1.5%. It is likely to remain close to or under 2% over the next two years and so it does not pose any immediate concern to the MPC at the current time. However, if there was a no deal Brexit, inflation could rise towards 4%, primarily because of imported inflation on the back of a weakening pound.

With regard to the **labour market**, growth in numbers employed has been quite resilient through 2019 until the three months to September where it fell by 58,000. However, there was an encouraging pick up again in the three months to October to growth of 24,000, which showed that the labour market was not about to head into a major downturn. The unemployment rate held steady at a 44-year low of 3.8% on the Independent Labour Organisation measure in October. Wage inflation has been steadily falling from a high point of 3.9% in July to 3.5% in October (3-month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 2.0%. As the UK economy is very much services sector driven, an 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. The other message from the fall in wage growth is that employers are beginning to find it easier to hire suitable staff, indicating that supply pressure in the labour market is easing.

In the **political arena**, Now that the Conservative Government has gained a large overall majority in the general election on 12 December, this outline deal will be passed by Parliament by that date. However, there will still be much uncertainty as the detail of a trade deal will need to be negotiated by the current end of the transition period in December 2020, which the Prime Minister has pledged he will not extend. This could prove to be an unrealistically short timetable for such major negotiations that leaves open two possibilities; one, the need for an extension of negotiations, probably two years, or, a no deal Brexit in December 2020.

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														
	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25
3 Month LIBID	0.70	0.70	0.70	0.80	0.90	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.30	1.30
6 Month LIBID	0.80	0.80	0.80	0.90	1.00	1.10	1.10	1.20	1.30	1.40	1.50	1.50	1.50	1.50
12 Month LIBID	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.40	1.50	1.60	1.70	1.70	1.70	1.70
5yr PWLB Rate	2.30	2.40	2.40	2.50	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.10	3.20	3.20
10yr PWLB Rate	2.60	2.70	2.70	2.70	2.80	2.90	3.00	3.10	3.20	3.20	3.30	3.30	3.40	3.50
25yr PWLB Rate	3.20	3.30	3.40	3.40	3.50	3.60	3.70	3.70	3.80	3.90	4.00	4.00	4.10	4.10
50yr PWLB Rate	3.10	3.20	3.30	3.30	3.40	3.50	3.60	3.60	3.70	3.80	3.90	3.90	4.00	4.00

The above forecasts have been based on an assumption that there is an agreed deal on Brexit, including agreement on the terms of trade between the UK and EU, at some point in time. The result of the general election has removed much uncertainty around this major assumption. However, it does not remove uncertainty around whether agreement can be reached with the EU on a trade deal within the short time to December 2020, as the prime minister has pledged.

It has been little surprise that the Monetary Policy Committee (MPC) has left Bank Rate unchanged at 0.75% so far in 2019 due to the ongoing uncertainty over Brexit and the outcome of the general election. In its meeting on 7 November, the MPC became more dovish due to increased concerns over the outlook for the domestic economy if Brexit uncertainties were to become more entrenched, and for weak global economic growth: if those uncertainties were to materialise, then the MPC were likely to cut Bank Rate. However, if they were both to dissipate, then rates would need to rise at a “gradual pace and to a limited extent”. Brexit uncertainty has had a dampening effect on UK GDP growth in 2019, especially around mid-year. There is still some residual risk that the MPC could cut Bank Rate as the UK economy is still likely to only grow weakly in 2020 due to continuing uncertainty over whether there could effectively be a no deal Brexit in December 2020 if agreement on a trade deal is not reached with the EU. Until that major uncertainty is removed, or the period for agreeing a deal is extended, it is unlikely that the MPC would raise Bank Rate.

Investment and borrowing rates

- Investment Investment returns are likely to remain low during 2020/21 with little increase in the following two years. However, if major progress was made with an agreed Brexit, then there is upside potential for earnings.
- Borrowing interest rates were on a major falling trend during the first half of 2019-20 but then jumped up by 100 bps on 9th October 2019. The policy of avoiding new borrowing by running down spare cash balances has served local authorities 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.

PRUDENTIAL AND TREASURY INDICATORS 2020/21 to 2022/23

The Council's capital expenditure plans are a key driver of treasury management activities. The output of the capital expenditure plans is 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 2020/21 to 2022/23 are set out in **Table A** below:

Table A	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Capital Expenditure £m (gross) Council's capital expenditure plans	£99m	£59m	£58m
Capital Financing Requirement £m* Measures the underlying need to borrow for capital purposes (including PFI & Leases)	£395m	£410m	£421m
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	4.52%	4.40%	4.59%

* From 2020/21, the CFR includes an estimate for leases that will be bought onto the balance sheet under a change in leasing accounting regulations.

** 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 2020/21 to 2022/23 are set out in **Tables B & C** below. These have been calculated and determined by Officers in compliance with the Treasury Management Code of Practice.:

Table B	2020/21 Estimate	2021/22 Estimate	2022/23 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.	£425m	£440m	£451m
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.	£405m	£410m	£421m
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%

**From 2020/21 The Authorised Limit and Operational Boundary includes an estimate for leases that will be bought onto the balance sheet under a change in leasing accounting regulations.*

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%

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 policies, 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.

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.

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 / Ultra Short Dated Bond Funds: Funds 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.

Equity Fund: Equity funds are pooled investment vehicles that will focus investments primarily in UK equities.

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.

Money Market Funds: An open ended fund that invests in short term debt securities, offers same-day liquidity and very low volatility.

Mixed Asset Funds: 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.

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

Short Dated Bond Funds: Funds designed to produce an enhanced return over and above an Ultra Short Dated 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 and a proportion of lower rated investments. The return on the funds are typically much higher, but can be more volatile than Ultra-Short Dated bond funds, so a longer investment time horizon is recommended.

INCOME SUMMARY	2019/20 Budget £	2019/20 Forecast £	2020/21 Budget £
Licences and Forest Rate	190,952	194,856	200,755
Countryside Stewardship Staff Uplift	115,000	120,000	135,000
Income Generation and Donations	37,000	25,700	98,800
Unrestricted Funding	110,100	112,300	77,480
Sale of Forest Products including Meat	25,300	28,700	26,100
Visitors	8,860	13,722	12,900
Financial	200	1200	1,200
TOTAL UNRESTRICTED CORE INCOME	487,412	479,728	552,235

Restricted Funds (designated for specific purpose)	-	21,699	-
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TOTAL CORE INCOME	487,412	518,177	552,235
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EXPENDITURE SUMMARY	2019/20 Budget £	2019/20 Forecast £	2020/21 Budget £
Core Forest Staff Costs	361,500	377,000	407,732
Expenditure from Ring-fenced Funding	500	16,866	-
Operational expenses	50,579	69,887	73,101
Administration Overheads	48,153	53,442	43,692
Financial	23,280	20,280	18,160
Visitors	3,400	6,878	3,300
Governance/Charity Expenditure		5,250	5,250
TOTAL NON CAPITAL CORE EXPENDITURE	487,412	549,604	551,235

Total Core Capital Expenditure	-	-	1,000
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TOTAL CORE EXPENDITURE	487,412	549,604	552,235
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SURPLUS/DEFICIT PROJECTION	Budget 2019/20	Forecast 2019/20	Budget 2020/21
	£	£	£
Total Income	487,412	518,177	552,235
Total Expenditure	487,412	549,604	552,235
Surplus/(Deficit)	-	(31,427)	-
Planned allocation from reserves	-	(31,427)	-

INCOME	2019/20 Budget £	2019/20 Forecast £	2020/21 Budget £
Licences	190,952	194,856	200,755
Domestic (Track) Rents	24,000	25,000	25,000
Commercial Rents/Licences and Wayleaves			
Wayleaves - BT	54,500	54,500	54,500
Ice Cream Licence	22,500	22,500	23,000
MOD licence	10,000	11,000	11,000
Cats Protection	4,010	4,044	4,200
Dog Walking Licence	1,000	1,300	1,500
Wayleaves - EDF & UKPN	1,150	1,150	3,755
Aerial site rental	500	500	500
Model Airplane Licence	392	392	400
Riding Permits	32,000	38,000	38,000
Forest Rate	24,000	24,000	27,000
Licence preparation/deed of covenant/ consideration fees			
Consideration Fees	8,000	6,000	6,000
Deed of Covenant	1,500	1,500	1,500
Licence preparation fees	1,500	1,500	1,000
Temporary licences (incl Filming, Wood, Events)			
Wood Permits	2,400	2,400	2,500
Marketing Board licences	500	500	200
Filming Permits	3,000	500	500
Events licence incl. fitness licence	-	70	200
Countryside Stewardship Staff Recharge	115,000	120,000	135,000
1.8 multiplier no cost of staff fully funded by C.S.	50,000	55,000	70,000
Contracted-out in-house staff for CS projects	65,000	65,000	65,000
Income Generation and Donations	37,000	25,700	98,800
Memorials	5,000	9,000	52,500
The Ashdown Forest Foundation (fundraising, staff recharge)			15,000
Donations incl. Donations Box and Post	7,500	9,400	12,200
AF Centre Events	4,500	1,000	10,000
Donate! Text Giving (car parks)	20,000	3,000	5,000
Car stickers	-	2,200	3,000
Online maps and walks leaflets	-	1,000	1,200
EasyFundraising	-	100	100
Unrestricted Funding	110,100	112,300	77,480
Ashdown Forest Trust	65,100	65,100	65,100
ESCC	30,000	30,000	-
WDC	10,000	10,000	10,000
Maintenance of Pooh Car Park from ESCC	-	2,000	380
Parish Councils	5,000	5,200	2,000
Sale of Forest Products incl Meat and Deer Carcasses	25,300	28,700	26,100
Products (e.g. Logs, Xmas trees)	500	3,000	3,000
Grazing Project Income (deer)	10,000	9,000	9,000
Grazing Project Income (sheep)			
Sheep meat sales	3,500	3,500	3,500
Wool	100	100	100
Sale of breeding sheep	2,000	2,000	2,000
Grazing Project Income (cattle)			
Beef	2,000	3,700	-

<i>Hides</i>	-	-	-
<i>Sale of Breeding cattle</i>	-	-	-
Grazing Project Income (other)	-	100	500
Miscellaneous Other			
<i>Ashdown Forest Riding Association</i>	4,000	4,000	4,000
<i>Deposits</i>	500	200	600
<i>Corporate volunteers</i>	-	-	500
<i>Miscellaneous</i>	500	500	500
Renewable Heat Incentive (Boiler)	1,000	1,400	1,200
Feed in Tarif (Solar Panels)	1,200	1,200	1,200
Visitors	8,860	13,722	12,900
Barn sales	6,500	7,000	8,000
Pop-up café	-	3,500	3,500
Sheep Proof Your Dog	-	1,422	-
Exhibition sales	500	500	-
Education team-run events	-	500	-
Hire of premises/equipment			
<i>Hire of premises</i>	760	300	500
<i>Hire of staff/equipment</i>	1,000	400	800
Talks by staff	100	100	100
Financial	200	1,200	1,200
Bank Interest	200	1,200	1,200
Restricted Funds (designated for a specific purpose)	-	21,699	-
<i>Natural England contribution for school visits</i>		7,250	
<i>School income for school visits</i>	-	9,608	-
<i>Friends of Ashdown Forest</i>	-	3,741	-
<i>Other grants or funding received</i>	-	1,100	-
TOTAL INCOME	487,412	518,177	552,235

EXPENDITURE	2019/20 Budget £	2019/20 Forecast £	2020/21 Budget £
Staff Costs (CORE Staff)	361,500	377,000	407,732
CORE Gross salaries, NI & Pension	344,500	360,000	389,732
Pension - additional monetary amount	17,000	17,000	18,000
Operational expenses	50,579	69,887	73,101
Transport, machinery, equip (incl vehicle insurance)	38,859	53,782	43,691
<i>Machinery (Big) - Parts</i>	500	500	500
<i>Machinery (Big) - Repairs</i>	800	500	800
<i>Machinery (Small) - Parts and fuel</i>	1,000	1,000	1,000
<i>Machinery (Small) - Repairs</i>	500	500	500
<i>Tractors - Fuel & Oil</i>	3,000	6,000	6,000
<i>Tractors - Parts</i>	1,500	1,500	500
<i>Tractors - Repairs</i>	500	500	500
<i>Tractors - Servicing</i>	2,000	2,753	2,800
<i>Vehicles - Fuel & Oil</i>	8,000	8,000	9,000
<i>Vehicles - Repairs</i>	1,100	1,100	1,200
<i>Vehicles - Servicing</i>	2,000	2,000	2,000
<i>Vehicles - Parts</i>	1,000	1,000	1,000
<i>Vehicles - Insurance</i>	14,809	14,809	15,691
<i>Vehicles - Licences</i>	1,700	1,820	1,700
<i>Radio</i>	150	11,000	-
<i>Hand tools</i>	300	800	500
Income Generation expenses	-	3,000	3,500
Staff expenses	2,400	2,100	1,400
<i>Travel expenses</i>	100	100	100
<i>Mileage Allowance</i>	800	500	300
<i>Staff and Volunteer Clothing</i>	1,500	1,500	1,000
Staff training	1,000	500	-
Volunteer expenses	2,200	2,400	1,300
<i>Mileage Allowance</i>	1,200	1,200	800
<i>Meetings & volunteer expenses</i>	1,000	1,200	500
General Operations	4,700	2,900	4,000
<i>Non-CS tree work (incl. emergencies)</i>	4,000	4,000	3,000
<i>Car park maintenance</i>	-	2,000	-
<i>Non-CS Fencing</i>	200	400	-
<i>Commoners' Expenses</i>	-	-	500
<i>Health & Safety</i>	500	500	500
Other	1,420	4,205	19,210
<i>Memorials</i>	-	3,500	18,000
<i>Subscriptions</i>	420	205	210
<i>Miscellaneous Amenity and Community Costs</i>	1,000	500	1,000
Administration Overheads	48,153	53,442	43,692
Forest Centre Running costs (rates, utilities, maintenance)	14,481	17,021	15,100
<i>Office Furniture - small items</i>	-	40	-
<i>Buildings Maintenance</i>	8,150	10,750	8,800
<i>Refreshments</i>	200	100	100
<i>Rates (WDC)</i>	3,081	3,081	3,200
<i>Electricity</i>	2,000	2,000	2,000
<i>Water rates</i>	1,050	1,050	1,000
Other core staff costs (contract staff, recruitment exps)	5,000	6,500	6,500
Post, phone, printing, stationery	6,000	6,500	5,600

Postage	500	2,000	1,200
Stationery	500	500	300
Stationery - Printing	1,500	1,500	1,200
Telephone	3,500	2,500	2,900
Professional Fees	6,000	6,500	6,000
Audit and accountancy	6,000	6,000	6,000
Legal	-	500	-
Insurances, excluding vehicles	9,772	9,921	9,242
Insurance buildings	8,572	8,721	8,042
Trustee Indemnity Insurance	1,200	1,200	1,200
IT	6,600	6,700	7,500
Computing - hardware & software small items	100	200	-
Computing - service	6,500	6,500	7,500
Miscellaneous	300	300	250
Miscellaneous finance and support purchases	300	300	250
Financial	23,280	20,280	18,160
Irrecoverable rents and rates and bad debts	-	-	100
Bad Debt Provision	-	-	100
Credit card terminal	1,300	1,300	1,100
Bank charges	980	980	960
Bank Interest Paid	30	30	10
Bank charges	950	950	950
Input VAT irrecoverable (non-CS)	21,000	18,000	16,000
Suspense account	-	-	-
Visitors	3,400	6,878	3,300
Information Centre (Shop)	2,500	3,500	2,000
Stock for resale	2,500	3,500	2,000
Forest Centre Events	900	3,378	1,300
Forest Centre Events	-	26	-
Sheep Proof Your Dog	-	1,452	-
Pop-up Café	800	1,500	1,000
Info centre purchases other than stock	100	400	300
Governance/Charity Expenditure	-	5,250	5,250
Funding for charity	-	5,250	5,250
Expenditure from Ringfenced Funding	500	16,866	-
Education programme resources	-	12,768	-
Travel bursaries for schools	-	824	-
Education Team-run Events	-	1,775	-
Other: bridge materials (Danehill Parish Council)	-	1,000	-
Total non-capital Expenditure	487,412	549,604	551,235
Capital Expenditure			1,000
Computing - Hardware & Software	-	-	1,000
TOTAL EXPENDITURE	487,412	549,604	552,235

The Conservators of Ashdown Forest – Reserves**£**

Reserves 1 April 2019	374,859
Forecast deficit 2019/20	(31,427)
Forecast reserves at 31 March 2020	343,432
Forecast Movement 2020/21	-
Forecast reserves at 31 March 2021	343,432
Minimum restricted reserve	196,000
Discretionary restricted reserves	36,000
Unallocated reserves	182,432
Total Reserves	343,432

Ashdown Forest Trust Fund 2020/21 Projected Income and Expenditure

ASHDOWN FOREST TRUST FUND	Budget 2019/20	Budget 2020/21
Income	£	£
Royal Ashdown Forest Golf Club- Rent	70,000	70,000
Bank Interest	250	400
Total Income	70,250	70,400
Expenditure		
Conservators of Ashdown Forest- Annual Grant	65,100	65,100
Professional & Audit Fees	6,500	4,500
Total Expenditure	71,600	69,600
Surplus/(Deficit)	(1,350)	800
Balance Brought Forward	158,799	156,949
Balance Carried Forward	156,949	157,749

Countryside Stewardship Budget 2020/21

DRAFT For approval in January 2020

RESERVE FORECAST TO YEAR END 2021	£
Reserve brought forward at 31 March 2019	305,298
Income/Expenditure Surplus/(Deficit) forecast for year end 2019/20	46,768
Forecast reserve 31 March 2020	352,066
Income/Expenditure Surplus/(Deficit) forecast for year end 2020/21	(84,210)
Forecast Reserve/Project Carry Over at 31 March 2020	267,856

INCOME/EXPENDITURE SUMMARY

Budget Summary	INCOME 2019/20 £	EXPENDITURE 2019/20 £	INCOME 2020/21 £	EXPENDITURE 2020/21 £
Heathland Area Payment	431,775	352,074	431,775	499,635
Bracken Supplement	33,651	48,246	33,651	50,000
Educational Visits	7,250	7,250	7,250	7,250
Woodland CS: Deer project	45,000	56,838	45,000	45,001
Woodland CS: Woodland Management	5,000	11,500	5,000	5,000
TOTALS	522,676	475,908	522,676	606,886

EXPENDITURE BY PROJECT

CORE STAFF COSTS	Budget 2019/20 £	Budget 2020/21 £
Core staff Totals	154,118	209,235
<i>Total cost to employer (to include NI, pension)</i>	109,023	145,885
<i>1.8 multiplier difference to be attributed to Forest Core Budget</i>	45,095	63,350
Deer Programme Staff	30,254	31,241
<i>Total cost to employer (to include NI, pension)</i>	18,024	21,667
<i>1.8 multiplier difference to be attributed to Forest Core Budget</i>	12,230	9,574
PROJECTS SUMMARY	Budget 2019/20 £	Budget 2020/21 £
Heathland Area Projects	183,665	197,870
Manage Scrub (Gorse)	28,900	30,000
Wild Fire Risk and Plan	200	200
Birch, Oak, Willow and Scots Pine Control	30,000	35,000

Remove Rhododendron and Gaultheria (Heathland)	500	3,000
Provide/Maintain Livestock Control Structures (Visible)	32,668	43,000
Conservators Grazing - Cattle	11,594	12,000
Commoners Headage Payments	31,600	25,000
Conservators Grazing - Sheep	9,325	10,000
Conservators Grazing - Ponies	4,690	-
Livestock Welfare Facility - Barn	2,000	20,000
Manage Heather	350	-
Manage Grassland (Mowing)	170	170
Removal of Invasive Woodland	5,250	1,000
Remove Turkey Oak	1,200	500
Create Glades	10,000	3,000
Control of non-native species (spraying)	2,850	4,000
Annual mowing of rides	-	5,000
Manage Habitat (open waters, etc) by excavation	500	-
Manage Habitat (open waters, etc)	500	1,500
Ashdown Forest Life	7,100	4,000
Volunteer Management and Expenses	4,268	500
Bracken Supplement	37,500	50,000
Bracken Control	37,500	50,000
Educational Visits	7,250	7,250
School Visits - Teacher time & support costs	7,250	7,250
Woodland CS: Woodland Management	5,000	5,000
Rhododendron Removal Cutting/Spraying (Woodland)	5,000	5,000
Woodland CS: Deer Management (See supporting budget)	14,746	13,760
Deer Project additional costs (excl.staff cost)	14,746	13,760
Fencing Public Consultation and Application	90,670	45,000
Project costs from Project Budget v1	43,257	45,000
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	-
Additional Expenditure	24,030	47,530
Staff Expenses and Training	3,000	1,000
CMSi Software & Training	230	230
Memberships/Subscriptions	1,000	500
Small tools and equipment (under £100)	800	800
Vehicle expenses including repairs	6,000	5,000
Machinery repairs	1,000	1,000
Machinery capital	-	27,000
VAT	12,000	12,000
TOTAL CS EXPENDITURE	547,233	606,886

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APPENDIX 1

A	B	C	D	E	F	G	H	I	J
Aggregate value including extensions	Purchase Card permitted?	Procurement Method?	How should you approach the market?	Who leads procurement?	Must the contract be formally advertised?	What type of contract is required?	Who must approve the contract award?	Who signs the contract on the Council's behalf?	Contract Award Notice needed?
£0 to £24,999	Yes if within rules & guidance and card limits	One written quote	Email / Call Supplier. Use a local supplier if they offer value for money	Service Officer	No	Standard Terms (see Council's website)	Budget Holder	Not Required – (Approval of Purchase Order)	No
£25,000 to £189,329	Only in formal emergency cases (see section 4.2)	Minimum of two quotes, but seek at least three. If using a framework, follow the rules for its use.	Contact Sourcing Solutions, who will lead sourcing activity	Sourcing Solutions	Yes, must be published via Contracts Finder	Standard Contract in line with agreed level of risk and complexity	Assistant Director for the Service or delegated manager	Under £100k Assistant Director or delegated manager Over £100k: Authorised Signatories via Legal Services	Yes – on Contracts Finder
£189,330 to £999,999	No	Goods and Services – Tender Works – Competitive quotation	Issue Tender via Procurement	Procurement	Yes, as required by Public Contracts Regulations	Contract in line with agreed level of risk and complexity	The relevant Chief Officer or Lead Cabinet Member	Under £500k: Authorised Signatories in Legal Services Over £500k: Sealed as a deed via Legal Services	Yes – as required by Public Contracts regulations
£1m and over	No	Works - up to £4,733,252 - Competitive quotations Works and Concession Contracts over £4,733,252: Full Tender or other compliant route Goods and Services: Full Tender or other compliant route Health, educational, cultural and social care related services above £663,540: Light Touch Regime Tender	Issue Tender via Procurement	Procurement	Yes, as required by Public Contracts Regulations	Contract in line with agreed level of risk and complexity	The relevant Chief Officer or Lead Cabinet Member	Sealed as a deed via Legal Services	Yes – as required by Public Contracts regulations

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**Extract from: Constitution – Part 4 – Rules of Procedure
Officer Employment Procedure Rules**

4. Appointment of chief officers and deputy chief officers

(a) A committee or sub-committee of the Council will appoint chief officers and deputy chief officers. That committee or sub-committee must include at least one member of the Cabinet.

(b) An offer of employment as a chief officer or deputy chief officer shall not be made if an objection is received from a member of the Cabinet which is well founded in the opinion of the Chief Executive or the Monitoring Officer.

(c) A deputy chief officer means a person who, as respects all or most of the duties of his/her post, is required to report directly or is directly accountable to a chief officer.

(Note: Authority has been delegated to the Chief Executive to: (1) appoint to Assistant Director posts where there is no competitive process; and (2) in consultation with Group Leaders, to make temporary appointments to Assistant Director roles)

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