East Sussex
County Council

AUDIT, BEST VALUE AND COMMUNITY SERVICES SCRUTINY COMMITTEE

TUESDAY, 15 SEPTEMBER 2015

9.45 am COMMITTEE ROOM, COUNTY HALL, LEWES

MEMBERSHIP -   Councillor Mike Blanch (Chair)
Councillors John Barnes (Vice Chair), Laurence Keeley, Carolyn Lambert,
Bob Standley, Trevor Webb and Francis Whetstone

A G E N D A

1   Minutes of the meeting held on 17 July 2015 *(Pages 3 - 8)*

2   Apologies for absence

3   Disclosures of interests

Disclosures by all members present of personal interests in matters on the agenda, the nature of any interest and whether the member regards the interest as prejudicial under the terms of the Code of Conduct.

4   Urgent items

Notification of items which the Chair considers to be urgent and proposes to take at the appropriate part of the agenda. Any members who wish to raise urgent items are asked, wherever possible, to notify the Chair before the start of the meeting. In so doing, they must state the special circumstances which they consider justify the matter being considered urgent.

5   Internal Audit progress report Quarter 1 2015/16 *(Pages 9 - 22)*
Report by the Chief Operating Officer

6   Strategic Risk Monitoring - Quarter 1 2015/16 *(Pages 23 - 28)*
Report by the Chief Operating Officer

7   Reconciling Policy, Performance and Resources (RPPR) *(Pages 29 - 114)*
To begin scrutiny's involvement in the RPPR process. To establish an RPPR Board of members to undertake more detailed investigations as required - Report by the Chief Executive

8   Treasury Management - Stewardship report 2014/15 *(Pages 115 - 136)*
Report by the Chief Operating Officer

9   Suicide prevention: Beachy Head infrastructure update *(Pages 137 - 142)*
Report by the Acting Director of Public Health

10   Update on the Public Health Grant Unallocated Reserve One-Off funded proposals
(Pages 143 - 150)
Report by the Acting Director of Public Health

11   Scrutiny committee future work programme *(Pages 151 - 156)*

12   Forward Plan *(Pages 157 - 164)*

The Forward Plan for the period to 31 December 2015. The Committee is asked to make comments or request further information.

13   Any other items previously notified under agenda item 4

PHILIP BAKER
Assistant Chief Executive
County Hall, St Anne's Crescent
LEWES BN7 1UE   7 September 2015

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AUDIT, BEST VALUE AND COMMUNITY SERVICES SCRUTINY COMMITTEE

MINUTES of a meeting of the Audit, Best Value and Community Services Scrutiny Committee held at County Hall, Lewes on 17 July 2015.

PRESENT Councillors Mike Blanch (Chair), John Barnes (Vice Chair), Laurence Keeley, Bob Standley, Trevor Webb and Francis Whetstone

LEAD MEMBERS   Councillor Elkin

ALSO PRESENT   Kevin Foster, Chief Operating Officer
                    Marion Kelly, Chief Finance Officer
                    Philip Baker, Assistant Chief Executive and Monitoring Officer
                    Laura Langstaff, Head of Procurement
                    Ola Owolabi, Head of Accounts and Pensions
                    Russell Banks, Head of Assurance
                    Rawdon Philips, Risk and Insurance Manager
                    Nigel Chilcott, Senior Audit Manager
                    Andrew Burrows, Principal Client Officer – Energy
                    Martin Jenks, Senior Democratic Services Advisor

                    Philip Johnstone, KPMG
                    Charlotte Goodrich, KPMG

1   MINUTES

1.1   RESOLVED to approve as a correct record the minutes of the meeting held on 17 March 2015.

2   APOLOGIES FOR ABSENCE

2.1   Apologies for absence were noted from Councillor Carolyn Lambert.

3   DISCLOSURES OF INTERESTS

3.1   None notified.

4   URGENT ITEMS

4.1   None notified.

5   REPORTS

5.1   Reports referred to in the minutes below are contained in the minute book.

5.2   It was RESOLVED to amend the agenda order, to accommodate the visiting external auditors from KPMG, and take item 11 after item 5 (see minute 7).

6 PROCUREMENT PERFORMANCE UPDATE

6.1   The Committee considered a report by the Chief Operating Officer which provided an update on the ongoing development of Procurement and Category Management and an update on performance. Laura Langstaff, Head of Procurement, set out the development of the Orbis project, and its alignment with corporate strategies, with a particular focus on Social Value.

6.2   The Committee discussed:
- the desirability of more regular reporting;
- whether the Performance Indicators were sufficiently quantifiable;
- the differential in savings identified at Surrey and East Sussex County Councils;
- the link between Social Value and the Employability and Skills strategy, to encourage the development of apprenticeships and local spend;
- design and build contracts for capital projects, and the potential for losing a degree of control in a tried and tested procurement approach.

6.3   RESOLVED (1) to note the report; and

(2) to request an update report with the Performance Indicators completed at a future meeting.

7 REVIEW OF THE ANNUAL GOVERNANCE REPORT AND STATEMENT OF ACCOUNTS FOR 2014/15

7.1   The Committee considered a report by the Chief Operating Officer. Final versions of Appendix A (the ISA260 - Report to those charged with governance) and Appendix B (Statement of accounts), which had been marked as draft in the published agenda papers, were circulated.

7.2   Philip Johnstone of external auditors KPMG highlighted the following issues:
- The unqualified Value for Money judgement;
- The material adjustment of around £36m regarding Voluntary Controlled schools and the new auditing regulations that require them to be kept on the County Council's balance sheet until it can be conclusively proved that another party owns the asset – the Diocese of Chichester is currently in the process of reviewing its records to establish title to 22 schools;
- The formal objection from an elector to the Bexhill Hastings Link Road to which the external auditors have issued a provisional response;
- The 25% reduction in external audit fees for the following financial year;
- The unqualified opinion on the Pension Fund ISA260.

7.3   The Committee discussed the calculation of depreciation. Marion Kelly, Chief Finance Officer, offered to provide a briefing for the Committee.

7.4   RESOLVED to (1) note the report and its appendices and the comments of the external auditor;

(2) confirm that there are no concerns arising from the Independent Auditor's (KPMG) report or the management response to it, that need to be brought to the attention of the Governance Committee; and

(3) thank the external auditors, Marion Kelly, Ola Owalabi and the rest of the Finance team in completing the audit two months ahead of the usual schedule.

8   INTERNAL AUDIT SERVICES: ANNUAL REPORT AND OPINION 2014/15

8.1   The Committee welcomed a report by the Chief Operating Officer summarising the key audit findings, progress on delivery of the audit plan and the performance of the internal audit service.

8.2   The Committee discussed:
- The target of auditing half of all schools over a two year period, and the one-off funding secured to deliver a training programme on financial governance for Headteachers, Bursars and school Business Managers;
- The number of Blue Badges secured during the recent amnesty – Russell Banks, Head of Assurance, agreed to circulate the final figure;
- The partial assurance on Appointee and Deputyship (Client Affairs) – there was general agreement that this should be referred to the Adult Social Care and Community Safety Scrutiny Committee;
- The partial assurance of the pension provider;
- The Committee noted with thanks the achievements of the Head of Assurance and his staff in delivering 93% of the plan for last year.

8.3   RESOLVED to (1) note the internal audit service's opinion on the Council's control environment;

(2) agree that there are no significant control issues that should be included in the Council's annual governance statement;

(3) agree that the Council's system for internal audit has proved effective during 2014/15; and

(4) thank and congratulate the internal audit team on their work and performance indicators.

9   INTERNAL AUDIT STRATEGY 2015/16 AND ANNUAL PLAN

9.1   The Committee considered a report by the Chief Operating Officer setting out the internal audit strategy and annual plan for the 2015/16 financial year.

9.2   RESOLVED to endorse the strategy and plan.

10   RISK MANAGEMENT FRAMEWORK

10.1   The Committee considered a report by the Chief Operating Officer which presented an updated risk management framework for the Council.

10.2   RESOLVED to (1) endorse the updated risk management framework; and

(2) recommend that the Cabinet agree the updated risk management framework, subject to an amendment to include a statement on staff engagement in delivering the framework.

11   STRATEGIC RISK MONITORING

11.1   The Committee considered a report by the Chief Operating Officer which presented an update on current strategic risks faced by the Council, their status and risk controls/responses. It was set out that there had been no change to any scores, only to certain narratives.

11.2   The Committee discussed the following Strategic Risks:

- 4 – Health: whether the risk should be rated as Red. It was explained that the score shown was the post mitigation score, which took into account the proposed risk controls. An email explanation was requested.
- 7 – Schools: the nature of the risk was discussed, and alternatives to the use of the words "fragmentation" and "reputation" were suggested, including the risk of the lack of power to intervene in failing schools and consequential drop in children's performance. It was explained that the Department kept the risks under review and that the comments of the Committee would be shared with the Department, but ultimately the matter was one for the Department to resolve, taking into account the comments and advice of the Committee.
- 9 – Workforce: the Committee commented on the proposed trade union legislation and the effects of a high degree of change on staff welfare, and in particular stress.

11.3   RESOLVED to note the current strategic risks and the control/response being proposed and implemented by Chief Officers.

12   ASSESSMENT OF THE CORPORATE GOVERNANCE FRAMEWORK AND ANNUAL GOVERNANCE STATEMENT FOR 2014/15

12.1   The Committee considered a report by the Monitoring Officer, containing the draft annual assessment reports of the Corporate Governance Framework and Annual Governance Statement that are due to be agreed by the Governance Committee on 21 July 2015.

12.2   RESOLVED to (1) note the draft report to the Governance Committee and its appendices; and

(2) recommend to the Governance Committee that Annex A to the Annual Governance Statement is amended so that:
- it reflects that workforce development strategies are in place for Business Services (BSD), Communities, Economy and Transport (CET) and Adult Social Care and Health, as well as for Children's Services (last bullet point in the section for Children's Services);
- Adult Social Care and Public Health risk logs are combined and include the East Sussex Better Together (ESBT) programme for DMT reporting, to produce a combined risk register across all health and wellbeing activities (last bullet point under Adult Social Care and Health section);
- the action to review and automate the process for staff to submit declarations of interest and gift/hospitality returns is extended to include elected Members (last bullet point under Governance Services).
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13   CARBON MANAGEMENT

13.1   The Committee considered a report by the Chief Operating Officer which provided an update on work undertaken and planned activities to reduce the Council's carbon footprint.

13.2   The Committee discussed:
- the Salix fund underspend of £67,815, its being carried forward and the risk of losing it in future years;
- the feasibility of installing photovoltaic panels on parts of the County Council estate, including County Hall and car parks, to take advantage of the feed-in tariff to support the business case for installation;
- the payback period, and the criteria for determining a satisfactory rate of return on investment;

- the importance of having full figures, in particular where a project could be netted off against an old building that has been disposed of by the Council.

13.3   It was explained that there were no strict criteria for assessing projects, but that the Carbon Trust's Salix Finance funding was used for projects with a maximum seven and a half year payback period, which could be supported by contributions from other sources. The County Council's Carbon Reduction Fund can be used for this purpose. The Committee expressed concern with the approach, with particular regard to properties where long term occupation was uncertain.

13.4   RESOLVED to (1) note the report; and to

(2) request an update at a future meeting together with clarification about (a) the calculation and limits of payback periods and (b) photovoltaic feasibility.

14   SCRUTINY COMMITTEE FUTURE WORK PROGRAMME

14.1   The Committee considered the Committee's planned programme of work for the forthcoming year. The Chair reported that he had been approached by Surrey County Council with a proposal to scrutinise the Orbis partnership jointly. There was general support for an informal, temporary arrangement.

14.2   The Committee discussed options for dealing with the high volume of work and paper associated with the Committee including an extra meeting each year, amending the agenda order, and making greater use of Panels to deal with the initial scrutiny of issues.   Whilst the Committee was assured it was generally effective, members felt that they were not proactive enough, that time needed to be found to look ahead, for the Committee to choose future topics of importance to the council. An Awayday to do this was suggested.

14.3   The Committee asked that an update report on the one-off Public Health projects be brought to the September Committee meeting.

14.4   The Committee confirmed that RPPR Board panel meetings were being arranged to look at Marketing and Communications and the Library Service.

14.5   RESOLVED to note the work programme.

15   FORWARD PLAN TO 31 OCTOBER 2015

15.1   The Committee considered the Forward Plan for the period to 31 October 2015.

15.2   RESOLVED to note the Forward Plan.

16   NEXT MEETING

16.1   The next meeting of the Committee will be held on Tuesday 15 September 2015.

(The meeting ended at Time Not Specified)   CHAIRMAN

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Agenda Item

Report to: **Audit, Best Value and Community Services Scrutiny Committee**
Date: **15 September 2015**
By: **Chief Operating Officer, Business Services Department**

Title of report: **Internal Audit Progress Report – Quarter 1 (01/4/15 – 30/6/15)**

Purpose of report: **To provide Members with a summary of the key audit findings, progress on delivery of the audit plan and the performance of the internal audit service during Quarter 1.**

RECOMMENDATIONS

1. **Members are recommended to consider and agree any action that should be taken in response to the issues raised in any of the audits carried out during Quarter 1;**

2. **Identify any new or emerging risks for consideration for inclusion in the internal audit plan.**

1.   Background
1.1   This progress report covers work completed between 1 April 2015 and 30 June 2015.

2.   Supporting Information
2.1   The current annual plan for internal audit is contained within the Internal Audit Strategy and Annual Plan 2015-16. This was prepared after consulting Chief Officers and senior managers and was endorsed by Audit, Best Value and Community Services Scrutiny Committee on 17 July 2015.

3.   Conclusion and Reasons for Recommendation
3.1   Key audit findings from final reports issued during Quarter 1 are summarised in Appendix A.
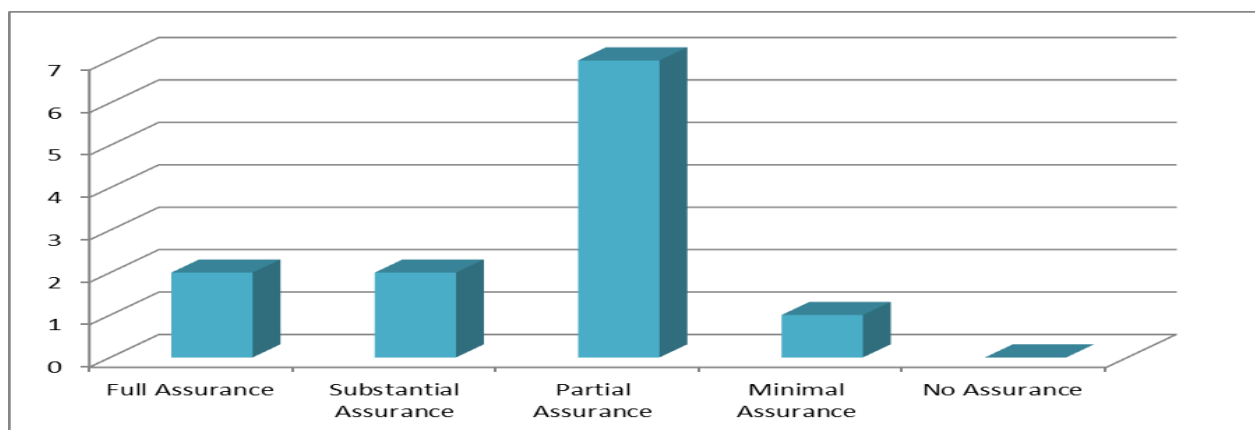
3.2   Overall, of the 12 formal audits completed, 2 received 'full assurance' opinions, 2 received 'substantial assurance', 7 received 'partial assurance' (3 of which were schools) and 1, relating to a school, received 'minimal assurance'. In the 7 instances of partial assurance being given (including Compliance with Procurement Standing Orders, Contract Management Follow-Up, Controcc, Special Education Needs and Disabilities), and the one instance of minimal assurance, we have obtained a commitment from management to address the required actions as a priority and will be undertaking further follow-ups in due course to ensure that this takes place.

3.3   Although the same range of internal audit opinions are issued for all audit assignments, it is necessary to also consider the level of risk associated with each area under review when drawing an opinion on the Council's overall control environment. Whilst it is disappointing to have to report on a higher than usual number of partial assurance opinions during the first quarter of the year, **taking into account these considerations, the Head of Assurance continues to be able to provide reasonable assurance that the Council has in place an effective framework of governance, risk management and internal control**.

3.4   The overall conclusion has been drawn based on all audit work completed in the year to date and takes into account the management response to recommendations raised and the level of progress in subsequent implementation. As explained above, this is something which will continue to the monitored and reported on by Internal Audit throughout the year.

3.5   Since our previous report to this committee, further action has been taken to strengthen financial governance in schools. Following the decision to use one-off funding to deliver a comprehensive training programme for governors, headteachers and school business managers, a training package has now been created in conjunction with the Southern Educational Leadership Trust (SELT), who are working with us and colleagues across the organisation to deliver the programme. A pilot event is due to take place in September 2015, with the actual training sessions booked throughout October and November 2015. In addition, a large sample of schools will be subject to audit over the coming months, over and above our normal programme of risk based school reviews. We will be working with our delivery partner, Mazars Public Sector Internal Audit Limited, to deliver this work, which will be reported on in due course.

3.6   Formal follow up reviews continue to be carried out for all audits where either 'minimal' or 'no assurance' opinions have been given and for all higher risk areas receiving 'partial' assurance. In addition, arrangements are in place to monitor implementation of all individual high risk recommendations. At the time of writing this report, three high risk recommendations due remained outstanding beyond the agreed implementation date, two of which related to schools. In all cases, revised implementation dates have been agreed with management.

3.7   Members will recall that flexibility was built into the audit plan to allow resources to be directed to any new and emerging risks. We continue to liaise with departments to identify these but would also welcome input from this committee. Details of those reviews added and removed from the plan so far this year are set out at the end of Appendix A.

3.8   Progress against agreed performance targets (focussing on quality / customer satisfaction, compliance with professional standards, and cost / coverage) can be found in Appendix C.   All targets have been assessed as on target (Green).

KEVIN FOSTER
Chief Operating Officer

Contact Officers: Russell Banks, Head of Assurance   Tel No. 01273 481447

BACKGROUND DOCUMENTS: Internal Audit Strategy and Annual Plan 2015-16

<u>**Summary of Key Audit Findings**</u>

Accounts Receivable

The Accounts Receivable system is administered through SAP and is one of the Council's key financial systems. The control objectives of this audit were to ensure that:

- All income generating activities are identified and accurately invoiced to customers;
- All invoices are paid and the income is correctly identified, accounted for and reflected in the accounts;
- The extent of debt is minimised and overdue accounts are followed-up promptly;
- Write offs, credit notes and refunds are valid and are properly authorised;
- There is adequate segregation of duties in the invoicing and receipting functions, and;
- All payments received by credit card are managed in compliance with the Payment Card Industry (PCI) data security standards.

Our review found that key controls continue to be effective in ensuring that debts are raised and income is received and recorded. We were therefore able to provide an opinion of **substantial assurance**. A number of low risk recommendations were, however, made to further strengthen the control environment and these included:

- Improving further the Council's compliance with the PCI standards to ensure all transactions are conducted securely and to minimise any risk to customer personal information;
- Ensuring adequate proof of debt is always obtained before invoices are raised (so that legal remedies can be pursued where a customer fails to repay);
- Ensuring invoices are raised promptly to increase the likelihood of debts being paid, and;
- Obtaining appropriate approval on all occasions for the write-off of debts in accordance with Financial Regulations.

Recommendations relating to these and other areas were agreed in full with management, all of which are due to be implemented by the end of the calendar year.

Compliance with ESCC Procurement Standing Orders

Procurement Standing Orders (PSOs) set out how the Council authorises and manages expenditure. They provide a framework to ensure that ESCC obtains value for money and complies with legislation in relation to public expenditure. PSOs form part of the constitution of the Council.

New PSOs were introduced late in 2013, replacing the previous Contract Standing Orders (CSO), which had been in force since 2003. The new PSOs represented a complete re-write of the old CSOs and were designed to bring procurement up-to-date and reflect best practice nationally. These are now being further updated to comply with the Public Contracts Regulations 2015 and will be amalgamated with Surrey County Council's PSOs to enable a consistent approach and increase efficiencies across the two Councils.

This review was based on a sample of purchase orders from 2014/15, covering all council departments, where expenditure was in excess of the thresholds for obtaining competitive quotations and tenders. The audit sought to provide assurance that:

- Controls are in place to ensure that all expenditure is made in compliance with PSOs and that all procurement is subject to approval in accordance with delegated levels of authority;
- Adequate controls are in place to reduce the risk of fraud in the letting of contracts, and;
- Arrangements are in place to ensure that contracts support major expenditure with adequate provision for contract management.

Overall, based on the work carried out, we have been able to provide an opinion of **partial assurance** over the control environment, with opportunities for improvement identified in the following areas:

- Introducing arrangements for monitoring aggregate expenditure with individual vendors, to help ensure procurement thresholds for obtaining quotations and tenders are adhered to;
- Ensuring that formal contracts are always in place where aggregate expenditure exceeds thresholds laid down in PSOs, i.e. over £100,000;
- Where quotations are sought, ensuring that these are retained as evidence of a competitive procurement process;
- Whilst no conflicts of interest were identified, officers involved in procurement decisions need to ensure that a declaration in the register of interests is completed to increase transparency;
- Updating procurement guidance on the council's intranet, and;
- Implementing a process of analysing waivers to PSOs to help improve procurement and identify patterns of poor practice.

All of the recommendations made as part of this review were agreed with management and will be subject to follow up as part of a similar review, planned for 2016/17, which will incorporate the combined PSOs with Surrey County Council.

Contract Management Follow-Up

This review followed-up on the implementation of recommendations made in the March 2014 audit of contract management which resulted in an audit opinion of 'partial assurance'. The key areas of improvement previously identified included the need to:

- Embed contract planning and performance management and ensure there is clear ownership of contract management within the Council;
- Improve relationships and interaction between contract managers and the Corporate Procurement Team, particularly when planning re-procurement, contract extensions or variations;
- Improve commercial contract management and promote continuous improvement and innovation within contracts;
- Enhance performance management;
- Improve governance of individual contracts, including in relation to risk management;
- Ensure business critical contracts have established appropriate and proportionate continuity planning arrangements, and;
- Review the competencies and training needs of contract managers, and provide appropriate training in this area.

Our follow-up focussed on contract management at a corporate level as opposed to reviewing the management of individual contracts. The review found that work has been, and continues to be carried out by the Procurement Team to establish a more effective system for managing contracts. This included the commissioning of an external Supplier Relationship Management review across both East Sussex and Surrey County Council's, with the objective of improving strategic planning and procurement across suppliers.

However, at the time of our follow up, work on developing a contract management framework, a key recommendation from our previous audit, had been delayed pending the outcome of the supplier relationship management review referred to above. No formal framework is therefore in place, impacting on the implementation of many of the other previously agreed recommendations which were dependent upon this. Consequently, we have not been able to improve our audit opinion, which remains as **partial assurance**.

It should be noted, however, that whilst a number of our recommendations made in 2014 have not been implemented, this does not necessarily mean that the management of individual contracts has not improved, particularly given the amount of work that has taken place in addition to our recommendations. For instance, there is now greater communication between contract managers and category specialists in the Procurement Team and, even without a formal framework, the increased sharing of knowledge is expected to help improve overall contract management. Moreover, the establishment of a contract management system, albeit not yet complete, is starting to enable high level monitoring of key contracts and improvements in the re-procurement process.

We will continue to work with the Procurement Team in this area. Further contract management reviews on specific contracts will take place in 15/16, as part of which we will be seeking assurance that the previous recommendations have been implemented.

Public Health Commissioning

On 1 April 2013, the responsibility for commissioning public health services transferred from Primary Care Trusts (PCT's) to upper tier local authorities, NHS England and the Clinical Commissioning Groups (CCG's). There are a number of statutory and mandated responsibilities, including sexual health services and health protection, as well as a range of other services where the commissioning should be determined by local need.

This audit focussed on commissioning and contract monitoring processes based on the sample testing of two specific services commissioned through Public Health (PH), namely tobacco cessation and tackling obesity. These were part of Tranche 1 commissioning, considered as an urgent priority, and took place between January 2013 and June 2014. The timescale for Tranche 2 services was July 2014 to December 2015.

In summary, we found that the two services concerned were commissioned based on robust evidence, selection and tendering procedures were appropriate, adequate contract specifications were in place, along with the necessary controls for ensuring effective performance monitoring.

As a result, we have been able to provide an opinion of **full assurance** with no recommendations for improvement being required.

Controcc and Associated Payment Processes and Procedures

The Controcc system is used to record contractual obligations and control payments to independent sector providers of day care, home care, residential and nursing care services. Dependent on their financial circumstances, clients are required to contribute towards the cost of these services.

Controcc is one of the Council's key financial systems, processing average net monthly payments of £10.2 million, between April 2014 and March 2015. In the same period, the average net monthly billing was £880,000.

The scope of this audit was to review not only the controls within the Controcc system itself, but also the associated payment and billing processes.

The key control objectives of this audit were to ensure that:

- Payments are complete, accurate and timely and are only made to bona fide providers of care in respect of the services they have provided to ESCC care clients;
- Client contributions are properly raised in compliance with ESCC policy, and accounted for in Controcc;
- Credit notes/charges to invoices/debt write-offs are authorised at an appropriate level;
- All clients are financially assessed promptly to determine the amount of contribution that they can afford towards the cost of care, and;
- Access to the system is secure and strictly controlled.

In completing this work, a number of control weaknesses were identified which have prevented us from providing an opinion more than **partial assurance** over the control environment. The most significant of which relate to:

- A lack of procedures for managing amendments and retrospective changes to care packages, which has resulted in a large number of historic cases, collectively significant in value, which remain unresolved. Until such time that these are properly investigated and corrected, there remains a risk of over and underpayments to providers;
- A failure to ensure invoices are always raised for clients in receipt of meals in the community where they are not paying the provider directly. Whilst this has now been corrected, it has resulted in the under-collection of income, some of which the Council may not now be able to recover.

Other areas for improvement include:

- Undertaking adequate reconciliations to ensure that invoices received from providers are accurate, particularly where they are for more than the contracted amount;
- Ensuring that contracts, letters of agreement or equivalent are put in place with all providers of day care services;
- Maintaining a log of those care providers who repeatedly fail to notify the Council of client deaths, so that remedial action can be taken where appropriate.

In discussing the above issues with management during the course of the audit, it was clear that many of these had arisen as a result of the restructuring of the accounts payable function within the Council, which appears to have lead to some confusion over roles and responsibilities. Management have stated a clear commitment to addressing the issues and a formal management action plan has been agreed in full, with timescales for implementation of all audit recommendations by December 2015. The next review is scheduled for quarter 4 of 2015/16.

Special Educational Needs and Disabilities (SEND)

The Children and Families Act 2014 gained Royal Assent in March 2014 and came into force on 22 April 2014. This was followed by a Code of Practice that covers the main changes brought in by the Act and provides guidance on the following:

- An extension of the age range to 0-25 years old for children and young people able to obtain assistance through the new provisions;
- Participation of children, young people and parents in decision-making at individual and strategic levels;
- Joint commissioning of services between Education, Health and Social Care Services;
- The introduction of a "Local Offer" of support for children and young people with Special Educational Needs (SEN) or disabilities; and
- Education and Healthcare (EHC) Plans to replace Statements of Special Educational Needs (Statements) and Learning Difficulty Assessments (LDAs).

Families will eventually be offered personal budgets to fulfil their EHC plans. These may take the form of direct cash payments, services provided by the local authority, services commissioned by the local authority, a broker to manage the budget on an individual's behalf, or any combination of these. The main focus of SEND is on outcomes for young people and their budgets can therefore be spent on any service that achieves the outcomes specified in their support plans.

The SEND budget for 2014/15 was £10,339,300, net of high needs block finding of £27,469,400. The out-turn for the year was an over-spend of £219,000. The budget for 2015/16 is £9,962,600; net of the high needs block funding.

The key control objectives are this audit were to ensure that:

- Service need is properly defined and agreed between joint commissioners, children and young people and their parents. There are rigorous processes adopted to ensure the best value services are obtained which meet the needs of claimants;
- The Local Offer is fit for purpose and compliant with government policy;
- Governance arrangements are sufficient to ensure service failures are recognised and timely action is taken to rectify issues identified, and;
- Budget setting and monitoring roles and responsibilities are clear and budgetary control arrangements effective.

Overall, we found robust controls in a number of areas. However, as a result of weaknesses found in relation to budget management, we were only able to provide an audit opinion of **partial assurance.** We identified a need to improve budget monitoring and reporting, where current arrangements were not considered to be sufficiently robust to support effective management of the SEND budget, partly as a result of the SEND service restructure. Key areas for improvement included the need to:

- Ensure SAP, the council's main financial system, is up-to-date with changes to staff assignments (as a result of the service restructure) to help ensure the accuracy of budget information, and;
- Consolidate systems of local budget management in order to provide consistent and reliable information to management, and to ensure local monitoring tools are routinely reconciled to SAP.

In addition, our work found that, whilst personal budgets in this area were still in their infancy, guidance for parents/carers over the use of personal budgets could be improved and that roles and responsibilities for the monitoring of personal budget expenditure required further clarification.

Recommendations relating to these areas were agreed in full with management and will be subject to formal follow up by Internal Audit in due course.

Trapeze

Trapeze is an IT system used by the Passenger Transport Services within the Communities, Economy and Transport Department to manage the entire passenger transport 'procure to pay' process. This includes the transfer of data into SAP, via an interface.

There are four different types of financial transactions which pass through the interface:

- Home to school transport invoices;
- Parental mileage claims;
- Public transport operator statements for contracted bus services, and;
- Freedom Pass statements.

A total of 7,513 financial transactions were processed through the interface and transferred onto SAP between 1st April 2014 and the 31st March 2015, totalling approximately £15m.

The following control objectives were reviewed as part of our audit:

- Access to the system is secure and data held is protected against loss or damage;
- Payments are made correctly, within agreed timescales and only for services received;
- There is adequate segregation of duties between the contracting and payment functions, and;
- All expenditure incurred is accurately and completely recorded.

Overall, based on the audit work carried out, we have been able to provide **substantial assurance** over the control environment, with only a small number of areas for further improvement being identified, including:

- Ensuring only invoices addressed to the council are paid, and;
- Implementing a procedure to ensure that all statutory and regulatory obligations are fully met in terms of data held on Trapeze for clients no longer eligible for free transport from the council.

All improvement actions have been agreed with management, most of which were to be implemented with immediate effect.

Shared Care Information System (SCIS)

The Shared Care Information System (SCIS) Programme will change the way all records (or cases) in Children's and Adult's Services are created and monitored. The council is implementing LAS (Liquidlogic Adults System) and LCS (Liquidlogic Children's System) to replace CareFirst as the client information and case management system. The current social care finance system for ASC, Controcc, will be incorporated for both systems to provide care and finance information in one place.

The main purpose of our work in relation to the SCIS programme, agreed with the SCIS Programme Board, is to provide an opinion on whether risks associated with five key aspects of the SCIS system implementation are being properly managed. The main focus areas are:

- Business process re-engineering across CSD, ASC and finance;
- Data quality and migration;
- Testing arrangements;
- System security and administration, and;
- System interfaces and reconciliation.

To date, we have reviewed business process re-engineering, data quality and migration and testing arrangements, although this work is still ongoing as it remains dependent upon programme progress. A summary of our work can be found below, all of which has been reported to the SCIS Programme Board:

- **Business process re-engineering** – currently, we have sought to identify those processes within Children's and Adult's that have a financial impact in order to assess whether business process review outcomes will adversely impact on the control environment. This work is still in progress.

- **Data quality and migration** – whilst our work in this area has found data quality and migration arrangements to be generally adequate, we have made some recommendations relating to the need to ensure reconciliations of data are formally undertaken after each migration to Liquidlogic and that the SCIS migration strategy is updated to reflect the specifics of a data migration to the Liquidlogic system.

- **User Acceptance Testing** (UAT) – we have recommended to the Board that test scripts are developed and followed for any future UAT, having so far not been produced. This will help to ensure that all issues identified through testing are recorded and subsequently addressed.

Our work on the above areas and in relation to system security and administration, and system interfaces and reconciliation, will continue throughout the remainder of the year and will be reported on periodically.

High Weald Area of Outstanding Natural Beauty (AONB)

The High Weald AONB is constituted as a Joint Committee and required to be audited under the Audit Commission Act 1998. Each year, an Annual Return for Small Bodies is completed as required by the Act. To support the completion of the annual return, a review of the effectiveness of internal controls in relation to the financial system, including the use of ESCC's main accounting system, was conducted and we were able to provide a **full assurance** opinion, without the need to make any formal recommendations for improvement.

Individual School Audits

During the quarter, we have continued to conduct visits to schools in the County, with the individual schools selected through the Schools Risk Review Group (made up of representatives from Internal Audit, Personnel and Training, Finance and the Standards and Learning Effectiveness Service) on the basis of risk. Follow-up reviews have also been completed where appropriate. In all cases, recommendations arising from our work have been formally agreed with school management, with copies of all audit reports now sent directly to all members of each school's governing body. We also prepare a summary of the report for the relevant local Member where the audit opinion is below partial assurance. This is in addition to the bulletins we provide to governors which highlight common themes and issues arising from our work which we recommend they seek assurance on within their own schools.

The following school audits have been completed in the quarter.

School	Opinion	Key Findings
Pevensey and Westham CE Primary School	Minimal Assurance	A number of areas were found where significant improvements could be made to strengthen the control environment. These included: • Establishing service level agreements where staff are supplied from other schools; • Raising official orders for all goods, works and services required by the school at the time these are ordered with the supplier; • Following purchasing card terms and conditions, including the cardholder being present when goods are ordered; • Ensuring all payments to staff are processed through the payroll system rather than through the accounts payable system to ensure the correct calculation of HMRC deductions. • Creating an asset register; • Improving segregation of duties within the payment process, and;

School	Opinion	Key Findings
		• Ensuring that positive declarations made by staff and governors in the Register of Business Interests, are appropriately managed.
Stafford Junior School Follow Up	Partial Assurance	Whilst there was some improvement on the previous opinion of minimal assurance, areas for further improvement remained, however, including the need to ensure: • A review of the staffing structure takes place once the new Headteacher is in post; • Declarations of interest are completed by staff; • Purchase orders are raised before the order is placed with a supplier; • Letting agreements are updated on a regular basis, and; • Terms of Reference are established for the use of the School Fund.
College Central (Pupil Referral Unit)	Partial Assurance	We identified a number of areas for improvement, particularly in relation to: • Retaining evidence of approval of purchases; • Raising orders at the time the order is made with the supplier; • Reviewing the Scheme of Delegation to ensure appropriate levels of approval are set; • Creation/adoption of a Business Continuity or Disaster Recovery plan; • Ensuring the use of claim forms, which are authorised, prior to payment of expenses; • Evidencing a link between the School Development Plan and budget.
St. Mary's School, Horam	Partial Assurance	Areas for improvement included the need to: • Review the Scheme of Delegation to ensure appropriate levels of approval are set so that not all purchasing decisions are delegated to one individual; • Raise orders at the time the order is made with the supplier; • Strengthen the process for paying additional hours to staff, including the introduction of a claim form; • Adhere to the petty cash limits; • Manage conflicts of interests appropriately, including ensuring staff are not involved in processing claims for relatives working at the school, and; • Review the surplus balance of the school fund and agree on how this should be spent to support the pupils of the school.

Investigations

Personal Use of Email

In 2014/15, an internal audit investigation was undertaken in relation to the inappropriate use of the council's email system by a member of staff. Our investigation found that the individual concerned had been engaged in sending and receiving large volumes of non-work related and inappropriate emails over a significant period of time. These actions represented a clear breach of council policy and resulted in the member of staff being dismissed following a disciplinary investigation. This decision was upheld at a subsequent appeal hearing and employment tribunal.

Mileage Claims

Following a referral from Personnel and Training, an internal audit investigation was undertaken in relation to the submission and payment of false mileage claims by a member of staff in Adult Social Care. In reviewing the staff member's mileage over a period of approximately five years, it was confirmed that inflated mileage had been claimed and paid, resulting in a significant overpayment during this period.

In determining a response to this issue, it was necessary to take into account the fact that clear management control weaknesses had contributed to these events occurring. The individual concerned is no longer employed by the County Council and internal audit are currently in the process of issuing an internal control report seeking to prevent future repetition. In addition, controls over the processing and verification of staff travel and expense claims are now subject to ongoing review by internal audit as part of our programme of cultural compliance audits.

It is important to note that at the conclusion of all formal investigations, a determination is made by management, in conjunction with Personnel and Training, Internal Audit and Legal Services where appropriate, as to what action should be taken in response. This determination takes into account a range of factors, including the seriousness of the case, the financial values involved and the standard of evidence available.

Additional Audit Reviews

Through discussions with management, the following reviews have been added to the audit plan during the course of the year on the basis of risk (see 3.7 above):

- High Weald Area of Outstanding Natural Beauty;
- Department for Transport Capital Block Funding Grant Claim;
- Broadband Annual Return to BDUK.

Currently, no scheduled audits have been removed from the audit plan.

High Risk Recommendations Overdue

Stafford Junior School

One recommendation remains overdue at Stafford Junior School where the requirement for an independent review and benchmarking of the school's staffing structure, due to be implemented by May 2015, has not yet taken place. This was confirmed during a recent follow-up review and the recommendation has therefore been repeated. The original recommendation was raised due to concerns relating to the unusually high percentage of the school's budget being made up through staffing costs, putting considerable financial pressure on the overall school budget at a time when the school was already in a deficit position.

The school is now awaiting the arrival of the new Headteacher in September 2015 who, in conjunction with the governing body, will investigate further the need for such a review. In the meantime, the school has provided a provisional implementation date of July 2016.

Shinewater Primary School

One recommendation relating to the need for the school's governing body to formally approve the terms of reference for its school funds remains overdue (previously agreed implementation date of May 2015). We understand that this will now take place at the school's Resources Committee in July 2015.

East Sussex Pension Fund Processes and Systems

We understand from management that one recommendation arising from this review has only been partially implemented. This related to the need to process a number of outstanding pension administration tasks that had not been actioned from as far back as 2011 and that were not allocated to any individual member of staff (which could potentially result in employees' full pensionable service not being considered in future benefit calculations). We have, however, been informed by management that work in relation to these records is in progress and will be completed by the end of September 2015.

Internal Audit Performance Indicators

Measure	Source of Information	Frequency	Specific Measure / Indicator	RAG Score	Actual Performance
Client Satisfaction					
Chief Officer/DMT	Consultation / Survey	Annual	Confirmation of satisfaction with service quality and coverage and feedback on areas of improvement.	G	Confirmed through Chief Officer consultations in February / March 2015, where high levels of satisfaction confirmed.
Client Managers	Satisfaction Questionnaires	Each Audit	>89%	G	100%
Section 151 Officer	Liaison Meetings	Quarterly	Satisfied with service quality, adequacy of audit resources and audit coverage.	G	Confirmed through ongoing liaison throughout the year and via approval of audit strategy and plan.
ABV&CSSC	Chairs Briefing and Formal Meetings	Quarterly / Annual	Confirmation of satisfaction with service quality and coverage and feedback on areas of improvement.	G	Confirmed through annual review of effectiveness and feedback from committee as part of quarterly reporting.
Cost/Coverage					
CIPFA Benchmarking	Benchmarking Report and Supporting Analysis Tools (to be reviewed for 2015/16)	Annual	1. Cost per Audit Day; 2. Cost per £m Turnover; equal to or below all authority benchmark average	G	Opportunities to improve benchmarking being explored. Last results available are for 2012, these show: 1. £316 against average of £325 2. £559 against average of £1,004
Local and National Audit Liaison Groups	Feedback and Points of Practice	Quarterly	Identification and application of best practice.	G	On-going via attendance at County Chief Auditors Network, Home Counties Audit Group and Sussex Audit Group.
Delivery of the Annual Audit Plan	Audits Completed	Quarterly	90% of audit plan completed.	G	32.8%.

Measure	Source of Information	Frequency	Specific Measure / Indicator	RAG Score	Actual Performance
Professional Standards					
Compliance with professional standards	Self-Assessment against new Public Sector Internal Audit Standards	Annual	Completed and implementation of any actions arising.	G	Self-assessment completed, improvement plan in place and being actioned.
External Audit Reliance	Fundamental Accounting Systems Internal Audit Activity	Annual	Reliance confirmed	G	No matters were raised following the last review of internal audit function by KPMG.

Report to:	**Audit, Best Value and Community Services Scrutiny Committee**
Date:	**15 September 2015**
By:	**Chief Operating Officer**
Title of report:	**Strategic Risk Monitoring – Quarter 1 2015/16**
Purpose of report:	**To update the Committee on current strategic risks faced by the Council, their status and risk controls / responses.**

RECOMMENDATION: The Committee is recommended to note the current strategic risks and the risk controls / responses being proposed and implemented by Chief Officers.

1.   Background

1.1   Sound risk management policy and practice should be firmly embedded within the culture of the council, providing a proportionate and effective mechanism for the identification, assessment and, where appropriate, management of risk. This is especially important in the current climate where there remains considerable uncertainty about the future.

1.2   Robust risk management helps to improve internal control and support better decision-making, through a good understanding of individual risks and an overall risk profile that exists at a particular time. To be truly effective, risk management arrangements should be simple and should complement, rather than duplicate, other management activities.

2.   Supporting Information

2.1   The Council's Strategic Risk Register is attached as Appendix A, which is formally reviewed by DMT's and CMT on a quarterly basis. Members should note that this version of the Strategic Risk Register was reviewed by CMT on 2 September 2015 and will be presented to Cabinet on 22 September 2015.

2.2   Whilst the overall number of risks within the register has remained the same since it was last presented to the ABVCSSC in July 2015, a number of amendments to the narrative have been made. Risk 3 (Care Act) has a revised risk description and amended risk control response. Risk 1 (Roads), risk 5 (Resource), risk 6 (Local Economic Growth), risk 7 (Schools), risk 8 (Capital Programme), risk 9 (Workforce) and risk 10 (Welfare Reform) all have amended risk control responses. The RAG score for risk 7 (Schools) was amended from Amber to Red and the RAG score for risk 3 (Care Act) was amended from Red to Amber. The RAG scores for the other risks are unaltered.

2.3   We will continue to explore opportunities to further strengthen the council's risk management arrangements and for mitigating our key strategic risks. It is however, important to recognise that in some cases there is an inherent risk exposure over which the Council has only limited opportunity to mitigate or control.

3.   Risk Improvement Activity

3.1   Regular reviews of risk registers continue to be carried out in conjunction with departmental risk coordinators to ensure that relevant risks are identified and risk controls / responses are effective.

3.2   As part of our plans to help strengthen project and programme risk management, risk reviews in support of Orbis, Highways contract reprocurement, and the Superfast Broadband project are being undertaken, and ongoing risk management support continues to be provided.

KEVIN FOSTER
Chief Operating Officer

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Local Member: All

Background documents :
None

**Strategic Risk Register – Q1 2015/16**			
Ref	**Strategic Risks**	**Risk Control / Response**	**RAG**
1	**ROADS** Severe winter weather, over recent years, caused significant damage to many of the county's roads including an unprecedented number of potholes. We know that this is likely to lead to a backlog in repairs, an increased number of potholes and an increased number of liability claims causing reputational damage and increasing financial risk to the Council.	The four year capital funding commitment made by Cabinet has been targeted at improvement of the condition of the unclassified (U) network. With the first two years of the 4 year funding period now delivered, improvements in condition have been achieved, in line with modelling. The unclassified network has improved in line with the asset plan, building resilience into the local network whilst maintaining the good condition of Principal and Non-Principal roads achieved through previous programmes of investment. Longer term investment commitment and the implementation of an Asset Managed system of prioritisation for road maintenance ensure that the burden on revenue funding for reactive maintenance is minimised over the long term. The Asset Management plan has been effective in delivering maintenance reducing the length of roads requiring structural maintenance. Highway drainage assets across East Sussex have suffered from significant under investment over many years. As a result we have a dated drainage system that we have very little knowledge about which is costing us more to maintain year on year. Our existing approach to maintaining highway drainage assets is largely reactive. This is very costly and does not address the issue of needing to understand where to invest to halt the deterioration of the drainage asset and other assets that suffer through inadequate management of highway water. To address this, a strategic approach is being developed to implement the principles of asset management and deliver improved drainage performance and long term value in maintenance. The strategy is currently under development and it is anticipated that it will be presented to Lead Member for approval in autumn 2015.	R
2	**ORDINARY RESIDENCE** Risk from other areas placing clients in receipt of social care services in East Sussex, and transferring to ESCC the commissioning, care management and funding responsibility for the individual as a result of a successful Ordinary Residence claim.	Dedicated Ordinary Residence Panel set up. The Panel discusses and agrees strategic and legal responses to Ordinary Residence claims from and to other Local Authorities, and directs reporting content. Panel members contact other Local Authorities directly where appropriate, and instruct Legal Services representation (including Counsel, and applications for Secretary of State determination) on behalf of ESCC. Continued awareness-raising for ASC operational staff (and particularly Social Care Direct) in line with published guidance on Ordinary Residence, resulting in earlier case referrals to Ordinary Residence team. Guidance for frontline staff was written and issued followed by panel members visiting all ASC Operational teams to deliver presentation and Q&A. OR Inbox established to provide advice to staff and monitor all known incoming/outgoing OR queries and claims. Regular information gathering and reporting to DMT on all Ordinary Residence case referrals and financial projections.	R

Strategic Risk Register – Q1 2015/16			
Ref	Strategic Risks	Risk Control / Response	RAG
7	**SCHOOLS** An increasingly diverse set of education providers could lead to fragmentation and increase the risk of underperformance. This would impact negatively on standards and which in turn will impact on the local economy, the cost of health and social care. There is potential reputational risk to the Council from the underperformance or failure of educational providers, such as academies.	The LA has a duty to champion educational excellence for all children: •Relationships with academies continue to be built and we are working with sponsors, including the Diocese of Chichester, to find appropriate academy solutions for schools. •Academies are included in the Education Improvement Partnerships and alliances. •Academies are all party to data sharing agreements and are sharing targets and progress data with us. •Performance data continues to be analysed for all schools so that the LA maintains an overview of the performance of all pupils in the County. •In the first instance, the LA offers direct support to academies to address any performance concerns that become apparent through close analysis of the data or other intelligence gathering; this includes support from consultant headteachers for secondary academies. •Where academies do not appear to be accessing appropriate support, the LA brings this to the attention of the DfE, who may exercise their intervention powers.	R
4	**HEALTH** Programme established to transform health and social care in East Sussex and deliver the Better Care Fund plan to improve outcomes for East Sussex residents. Failure to deliver programme will impact on social care, public health and health outcomes and increase social care cost pressures.	Implementation of East Sussex Better Together Programme by ESCC and all East Sussex Clinical Commissioning Groups, with robust governance arrangements reporting to County Council and Health and Wellbeing Board. Programme will include review of needs and available resources, wide engagement with stakeholders and residents and evidence of best practice, to develop a plan for a clinically and financially sustainable health and social care system in East Sussex. There will also be targeted use of the Better Care Fund to better integrate health and social care and contribute to whole system transformation. Risks are being reassessed following the outcome of the General Election in May.	A
5	**RESOURCE** Failure to plan and implement a strategic corporate response to resource reductions, demographic change, and regional economic challenges in order to ensure continued delivery of services to the local community.	We employ a robust Reconciling Policy, Performance and Resources (RPPR) process for business planning. We have adopted a commissioning approach which means evaluating need and considering all methods of service delivery, which includes working with partner organisations to deliver services. The Council Plan sets out targets for a 'One Council' approach to deliver our priorities and is monitored quarterly. Over the coming year the Government's savings plans and the impact of new legislation, coupled with increased demands arising from demographic changes, could hamper the Council's ability to deliver its statutory duties. A bid for greater devolution has been submitted to the DCLG on behalf of the 3SC area (East and West Sussex and Surrey), which it is hoped will bring greater local control over all public sector funding, but greater autonomy is not without risk and care will need to be taken to ensure that these are fully understood in any subsequent negotiations.	A

		Strategic Risk Register – Q1 2015/16	
Ref	**Strategic Risks**	**Risk Control / Response**	**RAG**
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.	East Sussex has been successful in gaining funding against local projects in Growth Deals Round 1 and a further extended Round 1 totalling £60.28m. Along with additional funding of £11.5m C2C to Newhaven and a pan-LEP Coastal Communities project, led by Hastings BC, gained part-funding of £2m. The 3 x projects in 2015/16 have commenced and are on track with delivery (Queensway Gateway road; Newhaven flood defences; Eastbourne & South Wealden Walking and Cycling packages).Under the SE LEP 2015/16 Skills capital fund of £11m, Sussex Downs College (Lewes) were successful in bidding for £160k to help deliver refurbished science facilities. The new 'Skills Capital Specialist Equipment' fund of £4.3m has just been launched. On EU funds stakeholders have been made aware of the opportunities released to date, relating to ERDF (business support) and EAFRD (rural business support). The main round (to include ESF and further ERDF) are expected to be released end of July 2015. Note that EU Funds do not come under the SE LEP Board but are allocated to the SE LEP area under the European Structural Investment Fund Sub Committee which works to the national Growth Board. Both SE LEP and ESCC have representatives on the Sub Committee, however it is advisory only.	A
8	**CAPITAL PROGRAMME** Failure to deliver capital programme outcomes on-time and on-budget, impacting on the Council's ability to support local economic growth.	The Council has a five year capital programme in place which reflects Council priorities. This is updated annually and monitored as part of the Reconciling Policy, Performance and Resources (RPPR) process. A further review to strengthen and improve the overall governance arrangement for the effective management and delivery of the programme has taken place to ensure best practice is being followed. In order to implement the recommendations, a senior secondment is being organized. The Bexhill Hastings Link Road is a complex and significant project within the capital programme and there are risks of further increased costs and delivery risks.	A
9	**WORKFORCE** Under-informed and under-motivated workforce results in adverse impact on service delivery / performance and ability to successfully deliver service transformation / corporate change programme.	Feedback from the employee engagement sessions run in 2013/14 and subsequent manager engagement events has been used to inform the development of a 'People Strategy'. This Strategy sets out a range of initiatives and interventions to that will help achieve the people changes needed over the next 3-5 years, in the context of future savings requirements and business improvements. The emphasis is on supporting and developing our managers and staff to enable them to respond positively to the changing environment. We recognise that the high level of change can impact on staff wellbeing and that there is a risk of stress in this context. A Stress Risk Assessment process has been developed to facilitate employees and their managers in jointly investigating the causes of, and identify solutions to perceived stress. Approaching stress management in this way means that employees can play a major part in clearly identifying the issues involved and how these can be addressed. The Corporate Management Team web-chat provides a quarterly opportunity to engage with a broader cross section of the workforce and respond to staff queries and issues. Alongside this, we continue to engage with Trade Unions on both a formal and informal basis, including discussions about change programmes and the impact on staff motivation and wellbeing.	A

Strategic Risk Register – Q1 2015/16			
Ref	Strategic Risks	Risk Control / Response	RAG
10	**WELFARE REFORM** Welfare reform leading to sub-optimal outcomes for East Sussex community. Impact on working age adults with the potential increased demand on services. Direct financial pressure on the County Council along with implications on spending within the wider local economy.	Work with the District and Borough Councils to understand the impact of changes to the Council Tax Benefit scheme for East Sussex. Any potential financial impact is reflected through the Reconciling Policy, Performance and Resources (RPPR) process. We are working in partnership through the Financial Inclusion Partnership and the Targeted Welfare Reform Project which provides information on the changes to partners and the public across East Sussex. This has included universal benefit which has been introduced in Hastings and Rother and will be rolled out across the County. Funding from the Government for the Discretionary East Sussex Support Scheme, which helps people on benefits in crisis, has been secured for 2015/16 following the withdrawal of the Government's proposal to cease funding from April 2015. The money will be used to continue to fund a reduced scheme for two years, which will help to protect those in most need. The Government has said that it will make £12bn savings from welfare during this Parliament, which could increase demands on County Council services. Risks and actions will be reviewed in the light of changes coming out of the CSR.	A
3	**CARE ACT** Failure to implement the additional duties, demands and other direct implications arising from the Care Act, within reducing resources, whilst continuing to meet current statutory duties. Although the funding reforms due for implementation have been put on hold until 2020 There is still a need to implement and embed new duties relating to eligibility and assessment, financial assessment and deferred payments, commissioning and market management, advice and information and whole family working. There remain risks (at a lower level) in implementing the remaining duties in relation to financial pressures, staffing issues and legal challenge.	Care Act governance arrangements established with CMT oversight and workstreams identified for each aspect of the Act. Close working with ADASS to ensure, where possible, regional implementation solutions can be sought to minimise duplication and variation. Representation on ADASS workstreams and close working with the regional lead are in place. Joint working with East Sussex Clinical Commissioning Groups, to develop the Better Care Fund are established and implementation is on schedule. Current programmes of work are cognisant of Care Act implications, where known, and are being planned and delivered accordingly. For example with the social care information system; review of internet content; care pathway business process redesign; Better Together - health and social care integration programme.	A

Report to:	**Audit, Best Value and Community Services Scrutiny Committee**
Date:	**15 September 2015**
By:	**Chief Executive**
Title of report:	**Reconciling Policy, Performance and Resources (RPPR)**
Purpose of report:	**To enable the Committee to begin its engagement in the Council's business and financial planning process (Reconciling Policy, Performance and Resources) for 2016/17 and beyond.**

RECOMMENDATION: The Scrutiny Committee is recommended to consider the areas of search set out in Appendix 2 and suggest any changes or additions for consideration by Cabinet members

1. Background

1.1   The *State of the County* report was agreed by Cabinet on 29 June 2015. The report initiates the Council's business and financial planning process known as *Reconciling Policy, Performance and Resources* (RPPR) for the period 2016/17 to 2018/19. It outlined the national and local policy, financial and performance context and provides the background for the development of the detailed business and financial plans that will eventually be agreed by the County Council early in 2016. It is available at State of the County

1.2   This year's RPPR process will see the development of a new 3 year service and financial plan. This will be developed against a background of permanent reduction in the size of the public sector, including councils. The last five years have seen the County Council make savings of £78m, achieved through a mixture of service change, efficiency and prioritisation. During this period we have been able to make differential savings across priorities and have used reserves to invest in some areas. Whilst the County Council will still have a net budget of about £350m next year, the need to make savings of £20m-£25m in 2016/17 and a total of £70m-£90m up to 2018/19, will bring a new scale of challenge which cannot be met without direct impact on front line services for all service areas across the organisation.

1.3   At the same time as the amount of funding coming into the Council from Government falls, demand for services continues to rise due to demographic pressures. The key changes are:
- a 1% rise in the overall population, with reductions in the absolute numbers and proportions of young people and working age adults;
- an increase in the number and proportion of older people, with the largest percentage rise in people aged over 85;
- potential need for 7,500 new jobs to meet the increase in the workforce as the retirement age increases and to provide employment for those currently on Jobseekers' Allowance; and
- whilst the overall number of young people will decrease (as the population of 0-4 and 16-17 falls), there will be an increase in the number of primary age pupils in the middle of the period and a need for additional primary school places to provide places and choice in the areas where new housing growth is providing pressures on places. This bulge in the primary school population will feed through to secondary schools and there will be a need for additional places in the following three years.

1.4   The July Budget set out the Government's plans to reduce public expenditure as a proportion of GDP as part of plans to eliminate the budget deficit. The chancellor has asked non protected government departments, which include those which fund the Council's activities, to produce plans for reducing expenditure by up to 40% as part of the Spending Review to be carried out this autumn.

2. One Council: overall approach

2.1   The Council has a strong track record and has significant plans in place which are shown in the diagram in Appendix 1. The Council's four priority outcomes for the Council will continue to provide a focus for decisions about spending and savings and will direct work across the Council. The priority outcomes are:

- Driving economic growth;
- Keeping vulnerable people safe;
- Helping people help themselves; and
- Making the best use of resources.

2.2   These priority outcomes and the agreed operating principles of Strategic Commissioning, Partnership and One Council working will be used to deliver service design and whole system change to:

- Recognise the reality of the permanent reduction in the size of the public sector and the resources available
- Commission integrated services working closely with partner agencies for the benefit of the whole East Sussex population
- Engage effectively with partners, residents and businesses
- Ensure the right activity is focussed on the right people and places in the most effective way for the right amount of time
- Mobilise communities and other partners to help the most vulnerable
- Specify clearly what ESCC will do, and do that well
- Strip out waste, inefficiency and costs that should be met elsewhere
- Work transparently with clarity about priorities and consequences
- Enable people to be creative and courageous, helping them to work through uncertainty
- Make the best possible use of technology, buildings and other assets.

2.3   Until the completion of the Spending Review on 25 November 2015 and the announcement of the provisional settlement in December, there will remain considerable uncertainty about the level of resources available to us for future years; the final settlement is not anticipated until early February 2016. The announcement on 17 July delaying the implementation of the cap on care costs until 2020 has deferred some of the impact of the Care Act. However, the introduction of the National Living Wage announced in the Summer Budget on 8 July 2015 has added further uncertainty.

2.4   Cabinet have asked Chief Officers to bring initial savings proposals to its meeting in October 2015. Plans for years two and three of the programme will be less detailed than those for the first year because of the uncertainty about future funding and the need to take account of the effect of current savings plans. Appendix 2 sets out the context in which future savings are being made and the areas of search for future savings across all our main service areas.

3. Scrutiny engagement in RPPR

3.1   Scrutiny's engagement in the RPPR process is vitally important. Each scrutiny committee brings to bear its collective experience of undertaking scrutiny projects and has the opportunity to add its views on where savings should be sought. Ultimately, each scrutiny committee will provide commentary and recommendations to be taken into account by Cabinet and Council before a final decision is taken on next year's budget and Council Plan early in 2016.

3.2   The **September 2015 scrutiny committees** initiate scrutiny's involvement in RPPR for the period 2016/19 by using the current portfolio plans, budget information and bringing the knowledge they have gained about the services under their purview to bear on the proposed areas of search for savings. The Audit, Best Value and Community Services Scrutiny Committee has particularly tailored its programme this year to enable it to focus on its input into RPPR.

3.3   Scrutiny committees are asked to suggest any changes they think might be appropriate. Appendix 3 contains extracts from the Financial Budget Summary 2015/16 of the areas within the remit of this committee to provide the big budget picture; the full document is at Financial Budget

Summary. Appendices 4 to 6 contain the current portfolio plans for the functions within the committee's remit.

3.4   Audit, Best Value and Community Services Scrutiny Committee has already set up a standing RPPR board. The other scrutiny committees are asked to agree the membership of their boards which will then consider the developing portfolio plans and savings proposals in more detail as they emerge.

3.5   The **November 2015 scrutiny committees** can explore the more detailed initial savings proposals which will have been considered by Cabinet in October.

3.6   The **RPPR scrutiny review boards** meet in December 2015 to agree the detailed comments and any recommendations on the emerging portfolio plans and savings proposals to be put to Cabinet on behalf of their parent scrutiny committees. The Chairs of all the scrutiny committees are invited to attend all the scrutiny review boards.

3.7   The **March 2016 scrutiny committees** review the process and their input into the RPPR process, and make recommendations for improvements for the future RPPR process.

3.8   Running alongside this process we will continue to hold whole-council Member forums at key points in the process to ensure that Members keep an overview of the emerging picture locally and the impacts of national announcements on our overall plans. Chief Officers will also provide any briefings that group spokespersons require to aid them in contributing to the RPPR process and future savings and spending plans.

BECKY SHAW
Chief Executive

Contact Officer: Jane Mackney, Head of Policy and Performance   (01273 482146)
Local Member: All

Background Documents
None

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One Council Plans in Place

Skills

Children's Services Future Operating Model

East Sussex Better Together

Care Act

Highways Contract Re-let

RPPR

Service Change Programmes

Operating Principles
One Council Commissioning Partnership

Priorities
Driving economic growth

Keeping vulnerable people safe

Helping people help themselves

Making best use of resources

Cross-Council Facilitating Programmes

Community Resilience

People Strategy

Agile

Digital/Self-Service

South East Business Services - Orbis

Maximising Control & Independence

English Devolution

Income Generation

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Adult Social Care

As part of RPPR for 2013/16 savings of £30.3m are being made in Adult Social Care (ASC). This is being delivered by reductions in management and support, efficiencies across all areas of commissioned service, closure and re-provisioning on directly provided services, and by an average 30% reduction in community based support. Investment in reablement, prevention and carers support has been broadly protected. Given the £70-90m challenge and the high proportion of the budget spent on ASC, significant savings will be needed in this area. Taking into account the requirement to meet national eligibility criteria for access to services, demographic pressures and the savings already delivered in previous years it is not feasible to reduce the spend on the support provided to individuals with substantial and critical needs. It is also important to note that increasing efficiency and the recommissioning of services has already delivered significant savings as a means of avoiding service cuts, but as a consequence of all this work there is now less scope in these areas. The work is underpinned by the County Council's priority outcomes.

Areas of search:
- Increases to charges for services (income), although this is an area where East Sussex already performs very well
- Improved efficiency through joint investment opportunities with the NHS
- Reductions in management and support
- Service efficiencies through the reconfiguration of directly provided or commissioned services
- Shifting investment from residential to community based support in mental health services
- Disinvestment in preventative services least likely to increase demand for core provision, including Supporting People and Commissioning Grants Prospectus
- Service cuts to support that does not meet substantial and critical need

Areas of search Public health:
- Management and staffing
- Reductions in commissioned services in all non-statutory and non-mandated provision (those areas where the service model is *not* nationally set)

Business Services/Orbis

As part of RPPR for 2013/16 savings of £7m are being made in Business Services. This is being delivered by consolidating business services' functions into a single department, delivering efficiencies in ways or working; management of property and the IT infrastructure.

The target for the next three years, in the context of the significant financial pressures facing the Council, is to develop a fundamental new model for delivery of business services which: maintains support to the Council in a period of significant change; is flexible in response to future demands, challenges and significant changes in business needs; learns from and develops best practice in the public sector; is sustainable and builds on the partnership working for which the Council has a strong reputation. The work is underpinned by the County Council's priority outcomes.

Earlier this year both East Sussex and Surrey County Councils' Cabinets approved the business case to establish a joint public-sector partnership 'Orbis', to deliver business and support services to both authorities. The business case outlined the transformative arrangement that will deliver affordable services to each council and deliver benefits to both parties. A savings target of 10-15% was reported as the opportunity available from integration, from the adoption of common practices and technology and from economies of scale. The development of the Orbis Partnership will form the Business Services Strategy within the ESCC RPPR process. A three year Business Plan 2016/17 to 2018/19 will be considered by the Orbis Joint Committee at its meeting on 28th September.

Areas of search:

- Reductions in management and support through integration
- Improved efficiency through investment into systems that support the automation of transactional activity and therefore reduction in operational support
- Review of corporate systems to reduce the costs of hosting and managing ICT
- Opportunities for increased trading of services and hence income
- Opportunities for increasing the Partnership hence spreading the management costs

There will need to be consideration of investment to address a range of legacy systems issues. These will be considered on a business case by business case basis.

Communities, Economy and Transport

As part of RPPR for 2013/16 savings of £12m are being made in Communities, Economy and Transport. This is being delivered through a number of initiatives including capitalising highways maintenance, re-procurement of the highways contract, changes to supported bus services, road safety and waste. This means understanding need, matching supply to demand and making effective use of resources to meet need in the most cost effective manner. Given the £70-90m challenge there will be a requirement for significant cuts in the next three years. Taking into account statutory requirements and the savings already delivered in previous years, these will be difficult to find. It is also important to note that increasing efficiency and recommissioning of services has already delivered significant savings, but as a consequence of all this work there is now less scope in these areas. The work is underpinned by the County Council's priority outcomes.

Areas of search:

- Waste disposal contract
- Library Commissioning Strategy
- Rights of Way Commissioning Strategy
- Transport review

Children's Services

As a part of RPPR for 2013/16 savings of £13.5m are being made in Children's Services. This is being achieved through reductions in management and support, restructuring and redesigning services to ensure they target the most vulnerable and a reduced universal/discretionary offer. In addition the success of THRIVE and the remodelling of early help services led to reduced demand. These activities have helped us achieve savings and avoid costs but we will need to think even more radically as we go forward. Given the £70-90m challenge there will be a requirement for significant cuts in the next three years. The work is underpinned by the County Council's four priority outcomes and operating principles.

At the end of 2019 we will be working with fewer children and families. Children's Services will be smaller, we will not be providing all the services that we are now and the services we do provide are likely to be delivered differently.

As we reduce the resources deployed within Children's Services there will need to be a larger draw on universal staff, for example in schools, GPs, nurseries, fire services and health visitors. Universal staff will be expected to address the needs of children, young people and their families rather than referring them on to more expensive statutory services.

Areas of search

- Service efficiencies through the reconfiguration of directly provided or commissioned services e.g. Children's Centres, Health Visiting
- Disinvestment in preventative activity where that disinvestment is least likely to increase demand

- Reduction in management and support posts
- Reduction in placement costs for Looked After Children and SEND placements
- Review of specialist/wrap around services
- Reducing significantly discretionary transport spend
- Income generation
- Increase the level of school to school support
- Increased self-service and developing our digital offer

Governance Services

As part of RPPR for 2013/16 savings of £1m have been made in Governance Services, with additional significant savings from counsel spend on Children's Services issues. The saving has been delivered by efficiencies and new ways of working, income generation and demand management for legal and communications services.

The target for the next three years, in the context of the significant financial pressures facing the Council, is to ensure a robust and appropriate sized model that maintains support to the Council in a period of significant change. The work is underpinned by the County Council's priority outcomes.

Areas of search

- Improved efficiency through joint working with Surrey County Council on legal services
- Demand management for legal and communications services
- Opportunities for increased trading of services to increase income
- Service efficiencies and cuts across the area

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Revenue Budgets - aggregate expenditure and income

Expenditure by service: £783.4m

- Governance Services 1.1%
- Contingencies to be allocated to services 0.1%
- Business Services 6.7%
- Communities, Economy, Transport 13.6%
- Corporate 7.7%
- Adult Social care 27.1%
- Children's Services 40.7%
- Public Health 3.0%

Income by type: £783.4m

- Fees, Charges & Receipts 7.3%
- Other Income 6.5%
- Council Tax 29.6%
- Revenue Support Grant 8.3%
- Business Rates 8.8%
- Specific Government Grants 39.5%
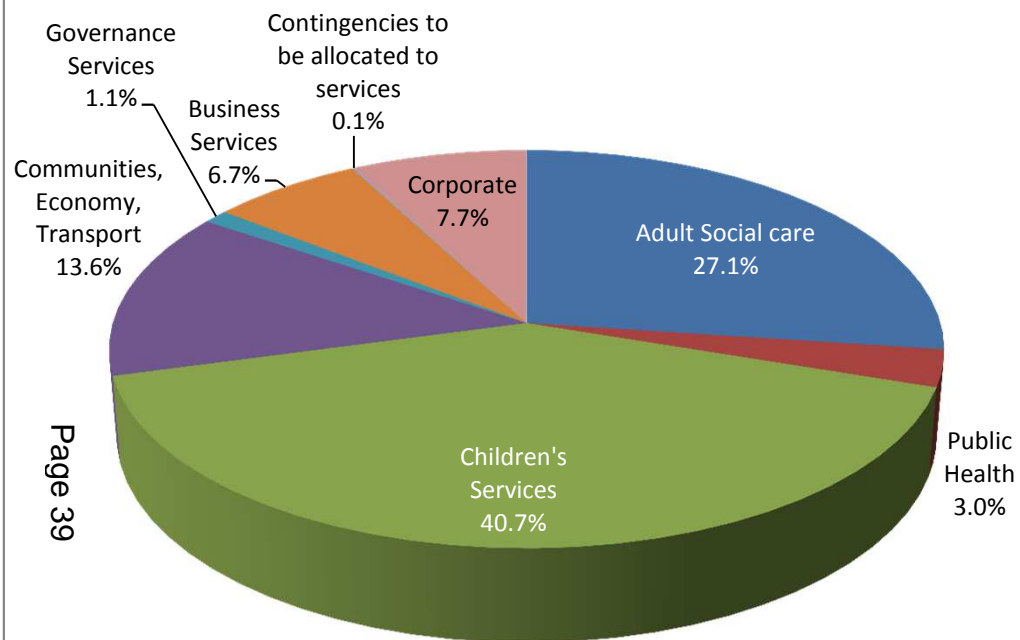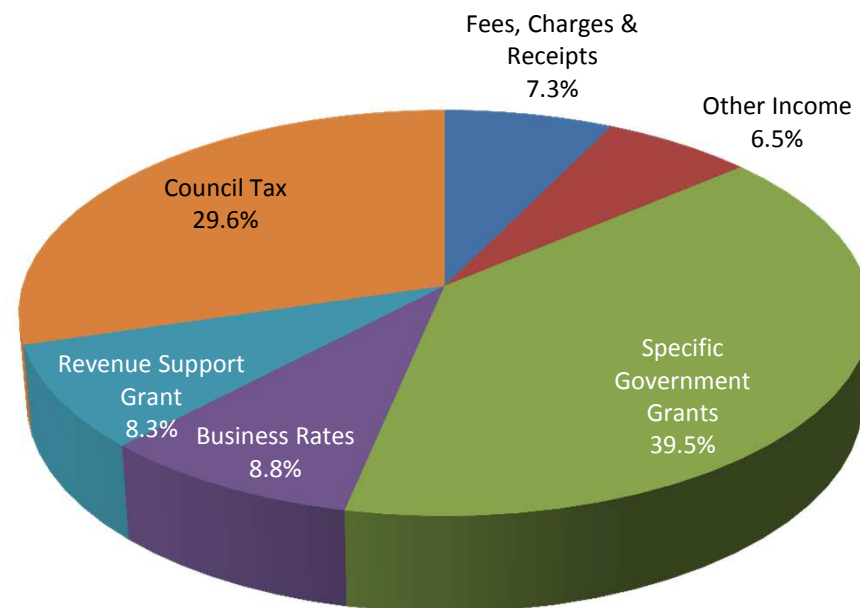
Revenue budget summary - subjective analysis

Analysis of 2015/16 budgets by type of cost

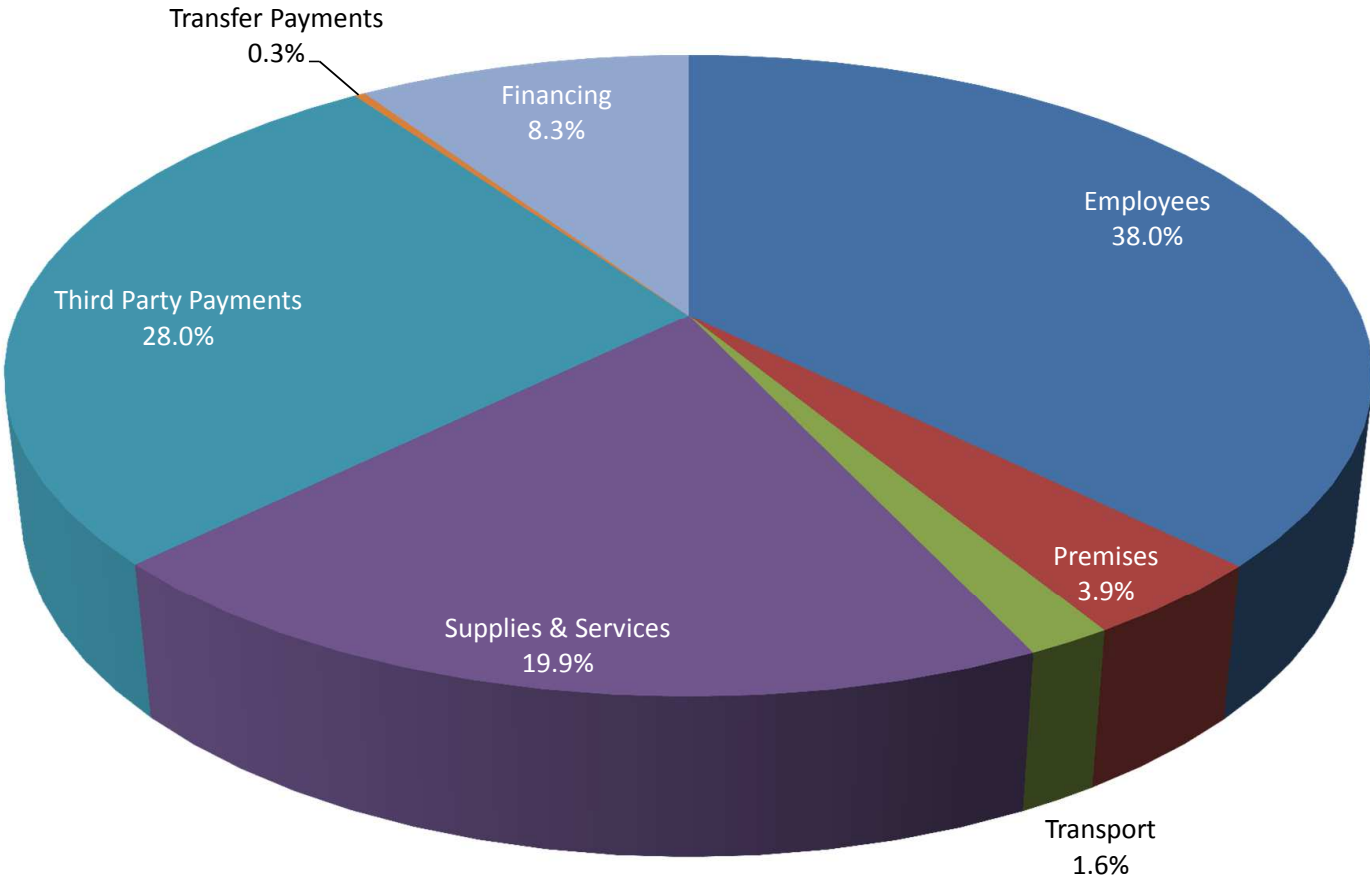| Department	Employees	Premises	Transport	Supplies and Services	Third Party Payments	Transfer Payments	Financing	Total Expenditure	Government Grants	Other Grants and Contributions	Fees, Charges & Receipts	Planned use of reserves	Total Income	Net Service Expenditure	Recharges to Capital Programme	Internal Charge Expenditure	Internal Charge Income	Net Service Expenditure
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£,000	£000	£000	£000
Adult Social Care	52,685	1,338	1,081	6,232	151,251	-	-	**212,587**	(4,303)	(20,062)	(30,247)	(346)	**(54,958)**	**157,629**		1,995	(1,399)	**158,225**
Public Health	1,638	-	32	754	18,815	-	2,488	**23,727**	(24,067)	-	-	-	**(24,067)**	**(340)**		390	(50)	**-**
Business Services	18,318	10,265	174	22,090	357	900	6	**52,110**	(1,759)	(3,154)	(9,814)	(1,206)	**(15,933)**	**36,177**	(475)	2,008	(18,860)	**18,850**
Children's Services	199,647	14,496	1,724	56,625	44,722	1,323	-	**318,537**	(263,649)	(3,200)	(5,076)	(1,575)	**(273,500)**	**45,037**		46,850	(21,095)	**70,792**
Communities Economy & Transport	20,112	4,201	9,663	66,238	3,285	-	2,788	**106,287**	(5,149)	(14,941)	(12,037)	(2,770)	**(34,897)**	**71,390**	(2,606)	2,585	(12,111)	**59,258**
Governance Services	5,011	313	70	2,855	509	-	-	**8,758**	(295)	(561)	(140)	(24)	**(1,020)**	**7,738**		135	(448)	**7,425**
Unallocated	-	-	-	976	-	-	-	**976**	-	-	-	-	**-**	**976**		-	-	**976**
Services	297,411	30,613	12,744	155,770	218,939	2,223	5,282	722,982	(299,222)	(41,918)	(57,314)	(5,921)	(404,375)	318,607	(3,081)	53,963	(53,963)	315,526
Centrally held budgets					432		59,984	**60,416**	(10,214)				**(10,214)**	**50,202**				**50,202**
Total	297,411	30,613	12,744	155,770	219,371	2,223	65,266	783,398	(309,436)	(41,918)	(57,314)	(5,921)	(414,589)	368,809	(3,081)	53,963	(53,963)	365,728

Page 50

Expenditure by type: £783.4m

Transfer Payments
0.3%

Financing
8.3%

Employees
38.0%

Third Party Payments
28.0%

Premises
3.9%

Supplies & Services
19.9%

Transport
1.6%

3

Revenue Budgets - Public Health

Public Health is for organisational purposes actually part of the Adult Social Care department, however it retains its own distinct political portfolio.

2014/15 Net expenditure budget		Gross Expenditure Staff	Gross Expenditure Other costs	Total Expenditure	Government Grants	Service Income	Total Income	Net Expenditure	Recharges to Capital Programme	Internal Charge Expenditure	Internal Charge Income	Net Expenditure
£000		£000	£000	£000	£000	£000	£000	£000	£'000	£000	£000	£000
5,854	Health Improvement Services	-	4,412	4,412	-	-	-	**4,412**	**-**	16	-	**4,428**
6,382	Drug & Alcohol Services	-	6,382	6,382	-	-	-	**6,382**	**-**	-	-	**6,382**
4,706	Sexual Health Services	-	4,266	4,266	-	-	-	**4,266**	**-**	50	(50)	**4,266**
1,856	School Nursing Services	-	1,856	1,856	-	-	-	**1,856**	**-**	-	-	**1,856**
881	NHS Health Checks	-	881	881	-	-	-	**881**	**-**	-	-	**881**
(19,807)	Other programmes and Non-contracted Services	1,638	4,292	5,930	(24,067)	-	(24,067)	**(18,137)**	**-**	324	-	**(17,813)**
(128)	**Total**	**1,638**	**22,089**	**23,727**	**(24,067)**	**-**	**(24,067)**	**(340)**	**-**	**390**	**(50)**	**-**

Main changes between years	£000
Net expenditure budget 2014/15	**(128)**
Unavoidable Additional Service Spend	-
Inflation	-
Savings	-
Other Adjustments	
Changes in responsibility	-
Other	128
Departmental Estimate 2015/16	**-**

Revenue Budgets - Business Services

2014/15 Net Expenditure budget		Gross Expenditure Staff	Other costs	Total Expenditure	Government Grants	Service Income	Total Income	Net Expenditure	Recharges to Capital Programme	Internal Charge Expenditure	Internal Charge Income	Net Expenditure
£000		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
1,679	Personnel & Training	2,554	593	3,147	-	(526)	(526)	**2,621**		60	(1,068)	**1,613**
7,017	Finance	5,581	6,935	12,516	-	(2,705)	(2,705)	**9,811**		1,266	(3,864)	**7,213**
896	Procurement	991	88	1,079	-	(188)	(188)	**891**		4	-	**895**
9,723	Property	2,737	23,233	25,970	(1,759)	(9,239)	(10,998)	**14,972**		100	(8,754)	**6,318**
3,896	ICT Services	6,193	4,226	10,419	-	(1,498)	(1,498)	**8,921**	(475)	71	(4,355)	**4,162**
634	Management & Support	931	39	970	-	(18)	(18)	**952**		1	(819)	**134**
(637)	Non-Service Specific Budgets*	(669)	(1,322)	(1,991)	-	-	-	**(1,991)**		506	-	**(1,485)**
23,208	**Total**	**18,318**	**33,792**	**52,110**	**(1,759)**	**(14,174)**	**(15,933)**	**36,177**	**(475)**	**2,008**	**(18,860)**	**18,850**

* includes some savings that are to be allocated across other areas within Business Services.

Main changes between years	£000
Net expenditure budget 2014/15	**23,208**
Unavoidable Additional Service Spend	-
Inflation	803
Savings	(2,923)
Other Adjustments	
Changes in responsibility	(238)
Other - schools	(2,186)
Other	186
Departmental Estimate 2015/16	**18,850**

Revenue Budgets - Communities, Economy and Transport

2014/15 Net Expenditure budget		Gross Expenditure Staff	Other costs	Total Expenditure	Government Grants	Service Income	Total Income	Net Expenditure	Recharges to Capital Programme	Internal Charge Expenditure	Internal Charge Income	Net Expenditure
£000		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
6,489	Community Services	6,796	3,882	10,678	-	(3,887)	(3,887)	**6,791**	(30)	214	(497)	**6,478**
28,785	Environment	1,239	42,178	43,417	(3,227)	(13,733)	(16,960)	**26,457**	-	64	-	**26,521**
1,159	Planning	2,070	425	2,495	(140)	(1,302)	(1,442)	**1,053**	-	87	(130)	**1,010**
10,229	Transport & Operational Services	2,429	24,828	27,257	(418)	(6,739)	(7,157)	**20,100**	(925)	1,564	(11,340)	**9,399**
12,378	Highways	3,059	13,185	16,244	-	(3,080)	(3,080)	**13,164**	(674)	472	(24)	**12,938**
790	Trading Standards	637	341	978	-	(127)	(127)	**851**	-	16	(66)	**801**
747	Economic Development, Skills & Infrastructure	2,446	1,131	3,577	(1,364)	(754)	(2,118)	**1,459**	(977)	121	(20)	**583**
879	Management & Support	1,436	205	1,641	-	(126)	(126)	**1,515**	-	47	(34)	**1,528**
61,456	**Total**	**20,112**	**86,175**	**106,287**	**(5,149)**	**(29,748)**	**(34,897)**	**71,390**	**(2,606)**	**2,585**	**(12,111)**	**59,258**

Main changes between years	£000
Net expenditure budget 2014/15	**61,456**
Unavoidable Additional Service Spend	-
Inflation	1,448
Savings	(2,102)
Other Adjustments	
Change in responsibility	286
Other	(1,830)
Departmental Estimate 2015/16	**59,258**

Revenue Budgets - Governance Services

2014/15 Net Expenditure budget		Gross Expenditure Staff	Other costs	Total Expenditure	Government Grants	Service Income	Total Income	Net Expenditure	Recharges to Capital Programme	Internal Charge Expenditure	Internal Charge Income	Net Expenditure
£000		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
2,472	Corporate Governance	1,423	1,019	2,442	-	(52)	(52)	**2,390**	**-**	45	(10)	**2,425**
3,125	Corporate Support [Communications & Legal]	3,220	744	3,964	-	(595)	(595)	**3,369**	**-**	82	(438)	**3,013**
1,496	Community Services [Third Sector & Coroners]	246	1,605	1,851	(295)	(78)	(373)	**1,478**	**-**	1	-	**1,479**
120	Management & Support	122	379	501	-	-	-	**501**	**-**	7	-	**508**
7,213	**Total**	**5,011**	**3,747**	**8,758**	**(295)**	**(725)**	**(1,020)**	**7,738**	**-**	**135**	**(448)**	**7,425**

Main changes between years	£000
Net expenditure budget 2014/15	**7,213**
Unavoidable Additional Service Spend	-
Inflation	107
Savings	(169)
Other Adjustments	
Changes in Responsibility	329
Other	(55)
Departmental Estimate 2015/16	**7,425**

7

Capital programme - current programme resources

Capital Programme	Total Budget	Total Previous Years Spend		2014/15	2015/16	2016/17	2017/18	Remaining Budget Total
	£'000	£'000		£'000	£'000	£'000	£'000	£'000
Gross Expenditure	748,610	279,392		166,105	139,275	71,621	92,217	469,218
Scheme Specific Income	(246,379)	(118,250)		(38,674)	(23,588)	(23,617)	(42,250)	(128,129)
Net Expenditure	502,231	161,142		127,431	115,687	48,004	49,967	341,089
Adult Social Care	18,464	11,488		3,563	2,893	253	267	6,976
Business Services	59,765	12,298		15,068	12,079	9,910	10,410	47,467
Children's Services	121,741	42,608		29,960	24,432	12,150	12,591	79,133
Communities, Economy & Transport	302,146	94,748		78,725	76,283	25,691	26,699	207,398
Governance	115			115				115
Net Expenditure by Department	502,231	161,142		127,431	115,687	48,004	49,967	341,089

Current Funding Assumptions	2014/15	2015/16	2016/17	2017/18	Total Resource
	£'000	£'000	£'000	£'000	£'000
Capital Reserves	18,135	17,717	1,775	110	37,737
Section 106		2,844			2,844
Non Specific Grants	50,668	43,106	25,229	22,800	141,803
Capital Receipts	7,531	5,995			13,526
Revenue Contributions	23,075	16,189	6,617	5,298	51,179
Borrowing	28,022	29,836	14,383	21,759	94,000
	127,431	115,687	48,004	49,967	341,089

Capital programme - Business Services

Business Services	Total Budget	Total Previous Years Spend		2014/15	2015/16	2016/17	2017/18	Remaining Budget Total
	£'000	£'000		£'000	£'000	£'000	£'000	£'000
Core Back Office Services (formerly CBOSS)	1,470	556		914				914
The Link	2,610	2,328		282				282
Provision of Community Hub (formerly Pine Grove)	310	310						0
SALIX Contract	2,644	1,855		184	298	307		789
Carbon Reduction Schemes	1,794	1,010		784				784
Property Agile Works	8,657	1,695		3,783	3,179			6,962
Core Programme:								
Capital Building Improvements	32,351	3,015		5,986	5,950	8,600	8,800	29,336
ICT Strategy Implementation	12,014	2,825		3,319	2,950	1,310	1,610	9,189
Gross Expenditure	**61,850**	**13,594**		**15,252**	**12,377**	**10,217**	**10,410**	**48,256**
Scheme Specific Income	**(2,085)**	**(1,296)**		**(184)**	**(298)**	**(307)**		**(789)**
Net Expenditure	**59,765**	**12,298**		**15,068**	**12,079**	**9,910**	**10,410**	**47,467**

Capital programme - Communities, Economy & Transport

Communities, Economy & Transport	Total Budget	Total Previous Years Spend	2014/15	2015/16	2016/17	2017/18	Remaining Budget Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
New Archive and Record Office - "The Keep"	20,717	19,650	1,067				1,067
Rye Library	52	19	33				33
Hastings Library	9,916	1,742	6,018	2,156			8,174
Newhaven Library	1,672	662	960	50			1,010
Southover Grange (formerly The Maltings)	1,200	2	1,148	50			1,198
Library Refurbishment	1,926	1,434	102	390			492
Bexhill Library Refurbishment	285	242	43				43
Newhaven Household Waste Recycling Site	2,041	2,035	6				6
Travellers Site Bridies Tan	1,348	1,314	34				34
Broadband	25,600	523	9,086	14,996	995		25,077
Bexhill & Hastings Link Road	111,708	61,240	37,659	8,295	812	3,702	50,468
Bexhill Hastings Link Road Corporate Contingency	4,717		4,717				4,717
BHLR Complementary Measures	1,800	112	988	700			1,688

Capital programme - Communities, Economy & Transport

Communities, Economy & Transport	Total Budget £'000	Total Previous Years Spend £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	Remaining Budget Total £'000
Exceat Bridge Maintenance	500			500			500
Sovereign Harbour, Eastbourne	750		750				750
Economic Growth & Strategic Infrastructure Programme	80,910	1,699	3,495	23,877	11,600	40,239	79,211
Newhaven Port Access Road	23,219	62	165	12,992	10,000		23,157
Street Lighting Invest to Save	920	903	17				17
LSTF - ES Coastal Towns	1,617	369	1,248				1,248
LSTF - Travel Choices Lewes	1,063	440	623				623
Eastbourne and Hastings Light Reduction	3,704	1,977	1,727				1,727
Lewes Station Bridge	863		400	463			863
Eastern Depot Development	1,586	145	1,409	32			1,441
Newhaven Swing Bridge	1,238	145	1,075	18			1,093
Waste Leachate Programme	250		250				250

Capital programme - Communities, Economy & Transport

Communities, Economy & Transport	Total Budget £'000	Total Previous Years Spend £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	Remaining Budget Total £'000
Integrated Transport - LTP plus Externally Funded	50,429	30,377	6,552	4,500	4,500	4,500	20,052
Speed Management	2,718	2,432	286				286
Terminus Road Improvements	3,250	15	3,235				3,235
Core Programme:							
Highways Structural Maintenance	103,236	17,751	25,968	23,250	18,250	18,017	85,485
Bridge Assessment Strengthening	17,400	12,815	1,145	1,115	1,145	1,180	4,585
Street Lighting - Life Expired Equipment	7,902	4,443	875	840	861	883	3,459
Rights of Way Surface Repairs and Bridge Replacement Programme	4,617	3,005	328	428	428	428	1,612
Gross Expenditure	489,154	165,553	111,409	94,652	48,591	68,949	323,601
Scheme Specific Income	(187,008)	(70,805)	(32,684)	(18,369)	(22,900)	(42,250)	(116,203)
Net Expenditure	302,146	94,748	78,725	76,283	25,691	26,699	207,398

Capital programme - Governance

Governance	Total Budget £'000	Total Previous Years Spend £'000		2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	Remaining Budget Total £'000
Case Management System/Committee Management System	115			115				115
Gross Expenditure	**115**	**0**		**115**	**0**	**0**	**0**	**115**
Scheme Specific Income								
Net Expenditure	**115**	**0**		**115**	**0**	**0**	**0**	**115**

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Resources

Portfolio Plan 2015/16 – 2017/18

June 2015

Contents

Our Priorities and Operating Principles

Our Priorities
The Council has set four priority outcomes:

- ❖ Driving economic growth;
- ❖ Keeping vulnerable people safe;
- ❖ Helping people help themselves; and
- ❖ Making best use of our resources.

Operating Principles
The Council has agreed three operating principles:

- ❖ **Strategic commissioning:** using an evidence-based approach to assess and meet the needs of local people in the most effective way. We will specify and deliver appropriate services to secure the best outcomes and value for money for residents.

- ❖ **One Council:** working as a single organisation both through the processes we use, and how we work. We will work in a well connected way across Council teams so we harness all our energy and resources towards achieving our priorities and remove duplication. We will judge our success against outcomes for the whole population and the organisation (and whole local public sector) not against the interests of a particular group, team or department.

- ❖ **Strong partnerships:** recognising we are one part of a wider system, we will work effectively with partners across East Sussex, the South East 7 and South East Local Enterprise Partnership and the wider public sector as appropriate to ensure we learn from others, secure best value for money and maximise impact for our residents.

Portfolio Policy

Policy Overview by Lead Member

1.1   The Resources Portfolio covers the professional support functions that enable all Portfolios to plan, manage and deliver their services to residents. Following the consolidation of resource functions, the Business Services Department was launched in September 2013, starting the development of consistent and efficient best practice within back office services. The Portfolio provides strategic leadership for financial, personnel, property, procurement and legal services and robust information technology management. Focus is directed to both 'day to day' operating activity and on facilitating the important Council-wide change programmes which will be vital to achieving the Council's priority outcomes as explained in more detail in section 2 of this report.

1.2   Nationally and locally there is a high level of change to the way that public sector services are delivered and the level of funding available to local authorities. Based on information currently available, the County Council will need to make further savings in the range of £70m - £90m over the following Medium Term Financial Plan (MTFP) period (2016/17 to 2018/19). The Resources Portfolio will support the Council to deliver plans in this new environment and will strive to provide cost-effective back office functions to ensure maximum resources are directed to front-line services. We will also carry out activity where necessary to ensure that we work in line with other external requirements, such as compliance with the Public Services Network Code of Connection.

1.3   Our forward plan for the next three years will require us to provide our services in innovative ways. Following Cabinet approval (10 March 2015), we are expanding and embedding our partnership working with Surrey County Council in relation to all Business Services and legal services through developing the Orbis partnership. This will include exploring additional opportunities to work with other partners to expand the business where this provides the best way of delivering the Council's priorities, and to increase commercial leverage as the compelling alternative public sector provider. We will provide strong programme and project management to support corporate change programmes such as Agile, working as One Council with internal and external stakeholders in order to ensure customer focused outcomes.

1.4   We recognise the continuing challenge for the Council to provide high quality services in line with our priority outcomes. Through the development of the Orbis partnership with Surrey County Council, and realisation of our plans, we will provide support and leadership to enable the Council to embed the required new ways of working in order to provide customer focused services to communities whilst meeting the financial challenge.

Lead Member: Councillor David Elkin

Delivering the Priority Outcomes

2.1   The Resources Portfolio is committed to providing professional, customer focused support functions that facilitate the delivery of the Council's four priority outcomes by supporting our services to the East Sussex community. We will deliver value to customers and residents through our expertise, innovation and passion. This section summarises how actions in this portfolio will achieve these outcomes.

2.2   We have an important role to play in making best use of our resources, and across all our activities, we are expanding our partnership working where this leads to improved service delivery. Within the portfolio, Business Services and legal activity will be delivered through the Orbis partnership with Surrey County Council (see more detail on page 6), along with a continued focus on work with East Sussex District and Borough Councils and targeted partnerships including Strategic Property Asset Collaboration in East Sussex. We will demonstrate effective overall co-ordination and management of resources across the whole Council. This includes budget planning and management support to services throughout the Reconciling Policy, Performance and Resources process. A key area of work over the next three years is to work with Members to explore and implement opportunities for income generation. Income generation will work alongside planned savings in order to meet the financial challenge facing the Council. Our most important resource is our employees so we are focusing on a number of initiatives to support managers to develop skills and reduce sickness absence levels within the workforce. We are reviewing our property assets and potential approaches to asset management to ensure we make best use of our properties.

2.3   A number of activities are planned to ensure that we use our influence to drive economic growth across the county. We will continue to proactively engage with and advise local suppliers and review our procurement processes. This activity will ensure that our processes are accessible to local suppliers and maximise the use of local providers in the supply chains. Following the success of the Business Services apprentice recruitment programme during 2014, our learning will feed into the Council's review of workforce development in line with the Council's Employability and Skills Strategy.

2.4   Our robust facilities and building management, including maintenance of schools and social care buildings, helps to keep vulnerable people using our services safe. This requires close working with the teams who provide the services from all Portfolios in order to identify specific requirements.

2.5   The focus on providing digitally accessible and customer-focused services will enable our residents to access information and help themselves in relation to a number of services. In terms of the wider community, the Community Asset Transfer Strategy will enable the transfer of Council assets to the community where they have demonstrated that this provides greater social or commercial benefits.

Corporate Governance and Support Services

Forward Plan

Introduction

3.1   The Resources Portfolio priority for 2015/16 – 17/18 is to develop the partnership with Surrey County Council focusing on the Council's priorities to enable us to continue to deliver the benefits from the consolidation of the resource functions, including:

- delivery of professional services – consistent, high quality support to the Council's front line services. Business Services Department will focus on talent and capacity building, and communications and engagement, supporting all services across the Council to improve;
- focus on customer experience – empowering and enabling managers to manage their resources effectively to ensure services are delivered to a high standard and within budget;
- supporting change – to ensure we are able to make the most of the resources we have in the future, including rigorous use of strategic commissioning focused on the Council's priorities. Change will be achieved through strong programme and project management, exploitation of our investment in ICT, research and intelligence on innovative service delivery, and supporting strong resource management through periods of complex change;
- focus on value adding – streamlining and automating routine activity and going beyond expectations, increasing our focus on activities that add real value to the Council for little or no additional cost, for example leading an organisational approach to reviewing sources of income generation and commercialisation opportunities;
- working in partnership – where this provides the best way of delivering the Council's priorities; and
- cost reduction – recognising the need to continue to drive down costs of operations and deliver quality services for the best possible value for money.

3.2   The Portfolio will support both 'day to day' operating activity and facilitate Council-wide change programmes whilst working within the Council's Operating Principles. Our forward plan for the next three years is focused on 'Effective Partnerships', 'Change Programmes' and 'Business Services Operations'.

Effective Partnerships

3.3   Working in partnership will help us to find innovative ways of providing services to communities and make best use of our resources and partnership working is a key thread throughout his plan. Key areas of targeted partnership activity include The Link and SPACES (Strategic Property Asset Collaboration in East Sussex) along with a continued focus on work with East Sussex District and Borough Councils. More details are provided below.

3.4   The Surrey and East Sussex Procurement Partnership was launched in January 2013. It has continued to develop with the appointments of a joint Head of Procurement and joint Children's Services Category Manager. In addition to the joint resources, partnership benefits include sharing of innovation and best practice, along with shared support for technology, data analysis and performance tracking. We have identified a number of projects and spend categories, where benefits in both efficiency of improved business process and enhanced value for money exist, which will be delivered during 2015 – 2018. These include highways, transport and children's services.

3.5   As part of the review of our core back office services, we entered into a new shared services arrangement with Surrey County Council in April 2013 to make efficiencies through economies of scale and build resilience in service delivery. This brought together transactional services including accounts payable, accounts receivable, payroll, expenses and pensions administration. The shared arrangements were extended to include the joint hosting and external technical support of the SAP financial system for both councils from September 2013.

3.6   In the context of the success of the existing work with Surrey County Council (referenced at 3.4 and 3.5 above), Councillors at East Sussex and Surrey County Councils have endorsed a high level business case which sets the context and vision for expanding and embedding our partnership with Surrey County Council, including the development of a Joint Committee (10 March Cabinet meeting). This will lead to a wide range of benefits including fostering innovation, increased sustainability and improved quality of services, commercial leverage and delivery of broader shared efficiencies. We have started joint planning with a focus on exploring opportunities to expand the partnership to across all business services and legal functions. We will also identify opportunities for other partners to join the partnership. The potential future benefits of the wider partnership have been recognised by central government through the Transformation Challenge Award of £750,000. Engagement with staff, customers, Councillors and Trade unions is in progress to develop a Business Plan for the Orbis partnership which will be considered by the Joint Committee in October 2015 and subsequently reported to respective Cabinets for approval.

3.7   The Link partnership was formed in 2012 to pursue joint procurement and service delivery opportunities in ICT related services for public sector authorities in Sussex. Through the partnership, the organisations will buy, manage and use ICT services together to deliver greater benefits than are possible by working alone. Current partners include healthcare, emergency services, education and local government.

3.8   The Link Public Services Network (PSN) has been jointly procured with partners from the Link with the Council acting as the main contracting authority for this service. The Link PSN is a 7 year contract delivered through EasyNet and provides a shared cost competitive, secure and resilient wide area data network linking council offices and schools, and provides the infrastructure for the Council's telephony which is supplied by Kcom on a four year contract. Cost reduction opportunities delivered through the Link WAN (wide area network) have been identified and are being progressed in order to realise savings for 2015/16.

3.9   The SPACES partnership includes public sector and voluntary bodies in East Sussex and Brighton and Hove. The SPACES vision is to improve sharing of the property estate between partners and to work together to maintain and enhance services to our communities, save property costs, and to release capital receipts. As part of our plan to 2017/18, we have a target to achieve three partner based projects each year. Projects being considered include land and building swaps, joint capital investments into new builds that can benefit from shared resources in ongoing operations and joint strategies for storage and archiving. Eight partner based projects have been achieved through the partnership in 2014/15. It is targeted to achieve £30m in Capital Receipts, £10m reduction in revenue costs and a 20% reduction in carbon dioxide emissions. We have mapped the available properties across East Sussex and considered where partners might relocate and co-locate services to best serve the public.

3.10 The Link and SPACES have identified that by working together they can maximise the potential benefits. The technical means provided by the Link can support the SPACES programme to cost effectively co-locate partners providing related services. The potential future benefits of these programmes working closely together have been recognised by central government through the Transformation Challenge Award of £420,000.

Change Programmes

3.11 The Agile Working Programme (AWP) is supporting the development of new ways of working. It is enabling our front line services to work in a way that best meets the needs of customers, and supports staff who need to respond to increasing demands on services. Agile working will enable and support service developments such as partnership working with health, the new social care information system, SEND reforms, compliance to the Government Code of Connect requirements and deliver savings identified as part of Reconciling Policy, Performance and Resources. Business Services led the programme team through the pilot and design phases of the Agile Working Programme. Through the delivery phase of Agile working plans, each of the Business Services Operations (Finance, ICT, Property, Procurement, and Personnel and Training) will provide expertise and support to departments to enable achievement of goals in line with relevant service developments. The framework for measuring the benefits of Agile working is in development.

3.12 We will provide financial support and input into major transformational projects such as the AWP, and support services across the Council to manage within the resources available and meet savings targets. Our Reconciling Policy, Performance and Resources process ensures that our budget supports the priorities of the Council and reflects the ambitions of the change programme.

3.13 We will make the best use of new and existing technology to support more modern working practices such as agile, flexible and mobile working, the Council's approach to commissioning, and partnership and shared working. We will continue to develop a robust ICT infrastructure to support and enable the business to function, such as support for mobile devices (e.g. laptops, tablets and smartphones). We are using outcomes from the Business Services Department 'model office' to help us to evaluate the new technologies required and to create a physical office environment that will support new ways of working, and aim to increase staff satisfaction levels that they have the right IT tools to do their job.

3.14 We will support the Council to deliver the business changes required in order to respond effectively to the reduction in available resources. Through the People Strategy (see paragraph 3.25), we will enable the Council to be as effective as possible by attracting, retaining, developing and rewarding officers with the right skills and competencies needed to deliver our strategic priorities. We need to identify talent in the organisation to support effective capacity building and succession planning, and support the Council's managers and leaders to develop the skills to create, manage and motivate high performing teams and individuals.

3.15 Our change management programmes will work with managers to ensure staff are clear about what the changes mean for them and when those changes will happen. We have drawn together a range of workers from across the Council to form 'Design Sensing Groups'. These groups will help us evaluate the practicalities of the AWP to ensure a smooth transition and uninterrupted service delivery.

Business Services Operations

3.16 In addition to working with partners and supporting Council-wide change programmes, the Business Services Operations are working towards the aims detailed below.

3.17 Schools are an important customer for the Portfolio in particular the finance, ICT, personnel and property services. As the landscape changes with more schools becoming academies, we will review our offer and will reflect the changing nature of our relationship with schools. We need to provide services that support schools to maintain service resilience and therefore enable them to focus on educational attainment. As part of reviewing our offer, we will explore opportunities to grow and provide services to schools beyond East Sussex.

Finance

3.18 Our Finance Service provides strategic advice on the Council's financial position, a risk management framework and internal audit service in line with organisational requirements and best practice, and manages the Council's pensions liabilities, borrowing, and investment portfolio of £2.5 billion. We aim to improve our detailed knowledge of our financial position throughout the year through more robust quarterly monitoring. This will require more consistent approaches to budget management and reporting.

3.19 We want to ensure that our budgets are managed effectively and will continue to improve the level and quality of support we give to budget managers across the organisation. We have set ourselves targets to achieve a final revenue outturn within prudent tolerances of the budget allocation, achieve an unqualified external audit of accounts and manage levels of debt raised. We also aim to handle insurance claims within legal timeframes and enable more than 95% of high risk internal audit recommendations within timescales.

3.20 Our current Medium Term Financial Plan sets out our budget and savings plans up to 2015/16. We will need to develop an approach for 2016/17 onwards, following the national election in 2015 and once we have more details about reductions in future funding. We aim to make our budget available in more accessible formats both internally and externally.

3.21 We are leading an organisational approach to ensure the Council maximises its income through four major themes: core finance and funding; fees and charges; cultural change; and commercial strategy (maximising the use of assets and alternative income generating opportunities through partnerships and collaborations). A Member Income Generation Reference Group has been established to review current income generation activities across the Council and explore potential opportunities such as advertising/sponsorship and solar panels. Opportunities will be explored with Members through the Reconciling Policy, Performance and Resources process.

ICT Services

3.22 The ICT Service will continue to focus on supporting the business priorities of the Council through the provision of reliable operational services, effective project delivery and value-adding strategic leadership. The key areas of service activity during the immediate term will include continuous service improvement initiatives to maximise the value provided by the service, development of commercial opportunities, technology refresh, including the replacement of the social care management systems used by both Adult Social Care and Children's Services, and the provision of new tools and solutions to support the digital agenda and greater workforce mobility. The ICT Strategy will be refreshed during 2015/16 to

maintain an alignment of technology capability with the business needs and priorities of the Council and its residents.

3.23 A Digital Strategy for East Sussex will be produced to provide a clear direction of travel for the adoption of digital by the Council in order to provide digitally accessible and customer-focused services. The strategy will promote the concepts of co-design and innovation to promote the development of innovative, resident-centric digital service delivery.

3.24 Information Governance is to do with the way organisations 'process' or handle information. The Information Governance Toolkit is an assessment tool which allows organisations to assess themselves against Department of Health Information Governance policies and standards. It draws together the legal rules and central guidance against which compliance is expected and presents them as a set of best practice information governance requirements. Compliance demonstrates that organisational practice can be trusted to maintain the confidentiality and security of personal information. Following the achievement of compliance in 2014/15 (increased to 72% from 22% in 2013/14), we are now working to improve practice to retain and exceed minimum compliance levels.

Personnel and Training

3.25 A People Strategy has been approved to support the ongoing challenges of the Council. The Strategy focuses on Leadership; Performance and Reward; Engagement; and Wellbeing and Inclusion. The development and implementation of a 'Learning Management System' will be the focus of the work during 2015/16 to enable a better use of technology to support the development of our employees. In addition, funding has been allocated to develop a targeted approach to addressing organisational 'hot-spots' that require additional support to enable a positive shift in performance (for example in absence, managing individual or team performance or other issues identified by service departments).

3.26 We are leading on a number of activities to enable managers to support the wellbeing of their staff. This supports the organisation to improve performance against the target of less than 6.95 days working days lost per full time equivalent employee due to sickness absence (across schools and non schools). Targets are also in place for the proportion of Return to Work Interviews conducted within 7 days of employee returning to work following a sickness absence. Attendance management activities will help to achieve these aims. An example of an ongoing initiative is to reduce stress absences and support staff who return to work following a stress absence. Interventions include a new course 'Managers Managing Stress' and the launch of a new individual stress risk assessment and a revised Attendance Policy.

3.27 Significant automation of personnel administration activities has been implemented across the Council which, whilst maintaining operational excellence, moves towards greater levels of manager self service and empowerment. Over the next three years we will continue to implement this revised service offer on a phased basis, focusing on maintaining a sustainable, cost effective service. A revised e-Recruitment system is being implemented from January 2015. The exact level and pace of change will be determined by the Council's risk appetite; the availability of the required technological solutions; and the level of investment made to support a programme to train managers.

Procurement

3.28 We will procure services collaboratively where this increases efficiencies and bargaining power. We will provide 'best in class' procurement to deliver measurable, sustainable benefits to stakeholders and customers, ultimately delivering best value for our residents, by

delivering the benefits of Category Management (procurement specialists) and supporting services to define their business needs, promoting quality and innovation.

3.29 We recognise the opportunity to use our procurement spend to support local economic development, including supporting employability, apprenticeship and skills opportunities. Working with colleagues across the Council and broader public sector in East Sussex, we will identify areas of real focus where targeted activity and focus for driving an increase in procurement spend with local suppliers can best deliver sustainable economic growth. We also have a target to increase the percentage of new County Council contracts that include an Employability and Skills Plan. This activity is in line with the recommendations of the Open for Growth Peer Challenge and in support of the Employability and Skills Strategy.

3.30 We will work alongside service teams across the Council to achieve savings through procurement, contract and supplier management activities over the next three years (with a target of £6.5m in 2015/16). Work to identify the specific projects and spend categories and build the pipeline of opportunities is underway with a target for 80% of spend to be covered by Category Strategies.

Property

3.31 We will ensure that our buildings and land offer the best possible environment for service users and staff in a cost effective and efficient way. We had planned to sell 73 sites, which would generate up to £10 million in capital receipts over three years 2013/14 to 2015/16. However, we believe we could achieve a much better return using alternative approaches, for example, selling property or land with planning permission already granted for development or retaining some surplus properties to provide the Council with a sustainable source of income. This is reflected in our target to achieve £5m capital receipts per year from 2015/16 to 2017/18. We have recently commenced a review of our asset base, including current surplus sites, to help us identify the key opportunities for revenue generation and appropriate transactional structures and delivery mechanisms. This will inform the development of a new investment strategy to be brought to Members in 2015. Our Community Asset Transfer Strategy will enable the transfer of Council assets to the community where this provides greater social or commercial benefits.

3.32 We will improve the condition of our operational buildings, and reduce CO_2 emissions by 3% each year through carbon reduction schemes and the Salix fund. This fund has been set up by the Council to support energy efficiency projects using funding that is available from Salix, an independent company set up by the Carbon Trust. We are currently exploring opportunities for Solar Photovoltaic (PV) installations across our wider property portfolio, including a potential Solar PV farm on one of our closed landfill sites. We are also investigating the potential for Combined Heat and Power (CHP) to deliver revenue savings and support carbon reduction targets.

3.33 We plan to engage with stakeholders and partners to progress towards a 'Corporate Landlord' approach to the control and operation of the Council's estate. This will enable us to manage the estate as a single entity and establish a stronger foundation for measuring estate performance and delivering efficiencies from higher utilisation. As part of the development of a Corporate Landlord approach and the implementation of Property Asset Management System (PAMS), we will develop technical solutions for capturing and reporting on total costs of occupation for the whole estate.

Performance data and targets

Performance Measures	2013/14 Outturn	2014/15 Target	2014/15 Outturn	2015/16 Target	2016/17 Target	2017/18 Target
Unqualified external audit of accounts	Achieved	Achieved	**Achieved**	Achieved	Achieved	Achieved
The percentage of high risk internal audit recommendations addressed by management	100%	95%	**100%**	95%	95%	95%
Final revenue outturn within tolerances of budget allocation	-2.4%	+1% / -4%	**+1.6%**	+1% / -4%	+1% / -4%	+1% / -4%
Value of debt over 5 months in proportion to debt raised	£2.1m (12%)	≤ 2013/14 outturn	**£2.490m**	≤ 2014/15 outturn	≤ 2015/16 outturn	≤ 2016/17 outturn
Percentage of insurance claims handled (to first decision stage) within legal time frames	New measure 2015/16	New measure 2015/16	**N/A**	90%	90%	90%
IT business systems support the needs and priorities of the organisation. Percentage of targeted applications achieving top quartile efficiency **CP**	New measure	New measure	**N/A**	25%	50%	75%
Percentage of staff satisfied that the IT tools provided are the right ones to do their job	New measure	New measure	**N/A**	Establish baseline	To be set 2015/16	To be set 2015/16
Availability of IT infrastructure to support and enable the business to function	New measure	New measure	**N/A**	90%	95%	99%
Retain and exceed compliance with Government Information Governance standards; to protect and enable the organisation to access its business information more flexibly and to share it securely with its partners (minimum standard 70%)	22%	≥ 70%	**72%**	≥ 72%	To be set 2015/16	To be set 2015/16
Number of working days lost per Full Time Equivalent (FTE) per Council employee due to sickness absence	7.82	6.95	**8.31**	6.95	6.95	6.95
Number of working days lost per FTE (Full Time Equivalent) employee due to sickness absence in schools	6.70	6.17	**6.77**	6.17	6.17	6.17
Number of working days lost per FTE (Full Time Equivalent) employee due to sickness absence in non-school services **CP**	9.29	9.24	**10.23**	9.24	9.24	9.24
The proportion of Return to Work Interviews conducted within 7 days of employee returning to work	81%	85%	**74.8%**	87%	90%	90%
Increase the percentage of Council procurement spend with local suppliers **CP**	42%	Programme in place and progress reported	**G**	45%	48%	> 50%
Percentage of new County Council procured contracts awarded following a tender process, that include an Employability and Skills Plan **CP**	New measure	New measure	**N/A**	60%	65%	70%
Organisational-wide savings achieved through procurement, contract and supplier management activities.	N/A	£10.5m	**R**	£6.9m	To be set in 2015/16	To be set in 2015/16
Percentage spend covered by procurement category strategies	N/A	80%	**48%**	80%	80%	80%
Capital receipts generated from surplus property no longer required **CP**	£1.9m	£4.0m	**£2,543,482**	£5.0m	£5.0m	£5.0m
Develop an asset investment strategy based on a balanced portfolio approach that will provide an annual income for the Council **CP**	New measure 2015/16	New measure 2015/16	**N/A**	Strategy in place and income targets set	To be set in 2015/16	To be set in 2015/16
Cost of occupancy of corporate buildings per sq metre **CP**	New measure 2015/16	New measure 2015/16	**N/A**	Establish baseline	2.5% reduction on previous year	2.5% reduction on previous year
Assess provision of property services across Strategic Property Asset Collaboration East Sussex (SPACES) partners to determine opportunities for collaboration	Vision and targets agreed	3 partner based projects achieved	**8 partner based projects**	3 partner based projects achieved	3 partner based projects achieved	3 partner based projects achieved
Reduce the amount of CO_2 arising from County Council operations	3% reduction on 2012/13	3% reduction on 2013/14	**4.4% reduction**	3% reduction on 2014/15	3% reduction on 2015/16	3% reduction on 2016/17
Review systems and processes for development and implementation of new Atrium Property system to manage and monitor ESCC compliance with its statutory maintenance responsibilities	N/A	Programme in place & progress reported	**R**	Required Atrium modules implemented	All required statutory maintenance managed on Atrium and completed on time	All required statutory maintenance managed on Atrium and completed on time

Revenue	2013/14 Budget	2014/15 Budget	2015/16 Budget
	£000	£000	£000
Gross Budget (A)	48,516	41,598	38,747
Government Grants (B)	(1,758)	(2,179)	(1,759)
Fees & Charges (C)	(13,243)	(12,183)	(9,930)
Other Income* (D)	(4,965)	(4,747)	(4,752)
Net Budget (A-B-C-D)	28,550	22,489	22,306

* Other income in all years includes contributions from other organisations

Capital Programme £000							
Capital	Description		Total for Scheme	Previous Years	2015/16 Budget	2016/17 Budget	2017/18 Budget
Core Back Office Services	Procurement of core back office systems	Gross & Net	1,470	769	701	0	0
The Link	Provision of network, telecommunications and IT services for all public sector organisations across Sussex.	Gross & Net	2,718	2,701	17	0	0
SALIX Contract	Funding in energy efficient projects to be repaid from energy savings	Gross	2,644	1,934	403	307	0
		Net	559	559	0	0	0
Carbon Reduction Schemes	Investment in schemes to reduce the Council's carbon emissions and lower energy costs	Gross & Net	1,313	1,173	140	0	0
Property Agile Works	Introduction of Agile working across the Council	Gross & Net	8,696	3,373	5,323	0	0
Capital Building Improvements	Investment to improve and develop the Council's buildings	Gross & Net	32,822	8,992	6,430	8,600	8,800
ICT Strategy Implementation	Investment in information systems and technology	Gross & Net	11,920	5,196	3,804	1,310	1,610

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East Sussex
County Council

Strategic Management and Economic Development

Portfolio Plan 2015/16 – 2017/18

June 2015

Contents

Our Priorities and Operating Principles

Our Priorities
The Council has set four priority outcomes:

- ❖ Driving economic growth;
- ❖ Keeping vulnerable people safe;
- ❖ Helping people help themselves; and
- ❖ Making best use of resources.

Operating Principles
The Council has agreed three operating principles:

- ❖ **Strategic commissioning:** using an evidence-based approach to assess and meet the needs of local people in the most effective way. We will specify and deliver appropriate services to secure the best outcomes and value for money for residents.

- ❖ **One Council:** working as a single organisation both through the processes we use, and how we work. We will work in a well connected way across Council teams so we harness all our energy and resources towards achieving our priorities and remove duplication. We will judge our success against outcomes for the whole population and the organisation (and whole local public sector) not against the interests of a particular group, team or department.

- ❖ **Strong partnerships:** recognising we are one part of a wider system, we will work effectively with partners across East Sussex, the South East 7 and South East Local Enterprise Partnership and the wider public sector as appropriate to ensure we learn from others, secure best value for money and maximise impact for our residents.

Portfolio Policy

Policy Overview by Lead Members

1.1   For a number of years we have faced very challenging circumstances in which to plan and deliver Council services for East Sussex. We have responded by being clear about our priorities and very careful with resources and we will continue to do this.

1.2   We have set four overarching priority outcomes: Driving economic growth; Keeping vulnerable people safe; Helping people help themselves; and Making best use of resources. The first three priorities guide our activities, direct how we use resources and are reflected in our Council Plan aims and targets. As resources tighten, we will need to have an ever sharper focus on these priority areas, defining clearly the outcomes we wish to achieve and monitoring our success in delivering these outcomes for the county. Making best use of resources is the test we apply to all our activities and how we use our budgets.

1.3   We will apply our three operating principles to ensure we take an evidence based approach to meeting the needs of local people, work together as one Council to be as efficient and effective as possible, and work in partnership to deliver added value for money and improved outcomes for East Sussex. These principles are particularly important to our work with health partners to design and deliver systems across health and social care that will provide sustainable high quality services.

1.4   A strong economy will help our communities to be more resilient, and businesses to be more competitive and sustainable. Above all, greater prosperity will improve quality of life for all residents. East Sussex is a great place to live, work and visit and is an excellent business location. We will build on the county's economic strengths and the unique characteristics to drive economic growth in business sectors with the most potential. We aim to give all children the opportunity to go to a good or outstanding school and for them to progress well into further education, training or employment. Overall, we will seek to maximise employment and productivity rates throughout the county.

1.5   Encouraging people to improve their health and wellbeing is one of the keys to creating vibrant communities and reducing the demand on our services. Our Public Health services can help by providing evidence of need and by supporting initiatives which help to reduce inequalities.

Councillor Keith Glazier

Lead Member for Strategic Management and Economic Development

Councillor Rupert Simmons

Lead Member for Economy

Delivering the Priority Outcomes

2.1   The portfolio for Strategic Management and Economic Development contributes to all our priority outcomes. It provides the leadership for our Reconciling Policy, Performance and Resources process that guides the Council in setting priorities and allocating resources. It helps determine the detail of what we are trying to achieve within each priority outcome, the indicators we will use to gauge success in the medium to long term, and the targets for each year of the Council Plan.

2.2   Strategic management sets out how we plan to respond to the financial challenge of delivering services and managing change with limited resources; it is therefore, key to making the best use of resources. Our decisions are taken within the democratic framework of the Council's constitution. Democratic Services and scrutiny help ensure that Members are well informed and fully engaged in the process of developing policy and decision making across all priorities.

2.3   Our Communications Services help to further public accountability and transparency in policy development and decision making. We aim to provide the public, partners and stakeholders with good information about our services and engage them so that they can influence the decisions made and help us to better meet local needs.

2.4   Communications Services are key to delivering our priority outcomes of helping people help themselves, keeping vulnerable people safe and making best use of resources. Our website will provide efficient digital transactions and easier access to services. People will be better placed to find the services they need and tell us when they have concerns about people in the community who may be vulnerable.

2.5   East Sussex County Council (ESCC) is committed to improving the prosperity of the county by creating the right conditions for growth. We have established programmes that support businesses, such as grants and loans, and Locate East Sussex, the inward investment service for businesses seeking to move into the area or expand. The new Growth Hub – Business East Sussex - will also provide a one-stop shop for business support and advice. Our e-Sussex project to rollout faster broadband will improve access to markets, services and education. Economic growth can also provide the Council with more resources and control over a greater proportion of our resources.

2.6   A significant amount of investment is being made to improve the infrastructure of the County. The Bexhill to Hastings Link Road is due to open in 2015. Funding worth over £71.4m has been agreed for infrastructure projects in East Sussex as part of the Growth Deals agreed with the South East Local Enterprise Partnership (SELEP) and the Coast 2 Capital Local Enterprise Partnership.

2.7   A strong and vibrant economy means a better quality of life for people in East Sussex and will help our communities to become more self-sufficient and better able to support themselves. This is particularly the case with promoting employability and skills, which benefits both employers and residents. Our new Employability and Skills Strategy will guide our approach by ensuring that our leadership, commissioning, recruitment and training activities promote employability and skills and encourages other employers to follow.

2.8   Our Trading Standards Service supports our priorities by helping to protect vulnerable people from exploitation and helping people help themselves by making better choices in the services they use.

2.9   Public health is about protecting and improving people's health and wellbeing, supporting people to lead healthy lifestyles and reducing health inequalities. Focusing on prevention, early intervention and helping people help themselves will assist people to stay well and independent. It is part of a wider partnership of Council services for Social Care, Clinical Commissioning Groups, and other NHS providers, working to deliver the best outcomes for local people through our East Sussex Better Together programme.

Corporate Governance and Support Services

Forward Plan

Strategic Leadership

3.1   The Council's four priority outcomes are now well embedded in our current plans and will be central to our future plans. Our focus in 2015/16 will be on delivering the targets set for our priority outcomes and, in the last year of our current Medium Term Financial Plan, the totality of savings planned for 2013/14 – 2015/16. In 2013/14, we made savings from services of £21.4m, for 2014/15 we project savings of £22.1m of the £30.5m annual target, with the shortfall of £8.4m being added to the target of £17.8m for 2015/16.

3.2   The Council's contribution to the Government's programme of deficit reduction has resulted in the need to make revenue budget savings of £67m over the last three years (2013/14 – 2015/16). Following the General Election the financial prospects of the Council are unlikely to change significantly. We expect our national funding to continue to fall and have continued to plan on this basis.

3.3   The Chancellor's Autumn Statement referred to the Office for Budget Responsibility's Economic and fiscal outlook report (December 2014) which identified that 60% of the overall required savings to balance public spending will be required over the period of the next Parliament. We anticipate that further savings in the range of £70 – £90m will be required to balance the Council's budget over the period 2016/17 – 2018/19.Our approach for 2016/17 and beyond includes four strands:

- Focus on local priority outcomes:
    - o   Using them to direct activity not describe it; and
    - o   being clear about the East Sussex we want to create.
- Make best use of resources through:
    - o   Strategic commissioning: commission the most cost effective services;
    - o   One Council: working as a single organisation both through the processes we use and how we work. We will work in a well-connected way across Council teams to achieve our priorities;
    - o   working in partnership: working with our partners is central to everything we do and is aimed at delivering the most efficient services; and
    - o   value for money: we will seek to achieve the greatest impact on our priority outcomes from our service spend and capital investments.
- Enabling programmes that deliver services in the most efficient way through such programmes as:
    - o   Agile working: making best use of our physical and personnel resources by moving them closer to where the services are delivered;
    - o   Community Resilience: enabling residents to do more for themselves; and
    - o   Digital: continuing to develop our digital access will help us deliver our services more efficiently.
- Maximise resources by:
    - o   Income generation: explore opportunities for increased income generation and commercialisation;
    - o   making the most of any new powers/devolution if they are offered; and

o economic growth to maximise income from Council Tax and business rates and to reduce dependency by ensuring local people have access to good quality employment.

3.4 Where necessary Equality Impact Assessments (EqIAs) have been undertaken for ongoing and new savings plans and capital projects for 2015/16. We will monitor the impact of these plans and projects during their implementation. Equality impacts will be carefully considered as we develop our plans for 2016/17 onwards.

3.5 Partnership working through the South East 7 (SE7) continues to pursue the best deal available for the East Sussex tax payers. The review of the partnership which took place over the summer 2014 ensures the SE7 is structured, and is approaching its programme of work, so as to deliver its aims according to the principles which drive all activity:
- The SE7 councils work collaboratively to provide quality, value for money services while exploring opportunities to deliver improvements for our residents, communities and businesses; and
- The SE7 is a motivated, business-like partnership, with a proven track record, which is committed to working with Government and partners to deliver real change and cost effective ways of working, particularly in light of the anticipated financial context to 2020.

3.6 Members and officers will build on the successes which have been delivered to date, which include savings in excess of £1.6m for ESCC since the SE7 was formed and planned savings of over £2m in the current year. The benefits have been delivered through collaborative activity on a number of shared priority areas including: Highways, ICT, Procurement, Property Asset Management, Special Educational Needs and Disability, and Waste.

3.7 The professional relationships and the increased trust and confidence that has developed as a result of the work of the SE7, has facilitated the exploration of additional benefits and opportunities for the Council, including:
- The Link partnership with Brighton & Hove City Council (BHCC);
- South East Shared Services, South East Business Services and service specific collaboration (e.g. Common Permit Scheme for road works) with Surrey County Council;
- ICONIC leadership programme with Hampshire, Surrey and West Sussex County Councils (WSCC); and
- Commencement of discussions with BHCC and WSCC on the potential for joint business opportunities in adoption and fostering.

3.8 These collaborative arrangements have delivered, and will continue to deliver, a range of benefits to the Council and the county's tax payers including increased capacity and resilience, the ability to attract external funding for joint projects, and savings.

Democratic services

3.9 Democratic Services is a key corporate support service of the Council. Its services underpin the governance arrangements of the authority and its democratic principles of greater accountability, openness and transparency.

3.10 Its overall aim is to ensure the smooth and efficient management of the decision-making processes of the Council by providing a range of administrative support services to elected Members, officers of the County Council and the people of East Sussex.

3.11 Supporting Members to fulfil their duties as community leaders is an ever increasing priority. This includes continuous development through effective training and ensuring that Members are aware of their obligations, expected standards and codes of conduct.

3.12 Our Networked Council project will support Members and officers to engage with communities throughout our decision making process. The project will comprise three separate strands, each working on a key aspect of the Council:
- Understanding what links on and off line engagement so we can listen and work alongside communities of interest and place. Online engagement is digital e.g. Facebook, offline engagement is more traditional e.g. Parish Council meetings. This will bolster and support the skills and networks throughout communities in East Sussex.
- Support Members in developing digital and community leadership skills.
- Work with officers to ensure they have the skills to support and extend the programme so they can develop their knowledge of the digital world and how on and off line are blending.

3.13 Better use will be made of technology, building on the success of the webcasting of a range of Council meetings. There are significant peaks in viewing figures when controversial issues are being discussed. We will next look at the potential for active public involvement through social media, such as Twitter, and other means such as live webcasts of all public meetings that have significant public interest.

Overview and Scrutiny

3.14 Most of the Councillors who are not members of the Cabinet are involved in the Council's five overview and scrutiny committees. Some of the committees include co-opted members from external organisations and the voluntary and community sector. The work of scrutiny mainly involves looking in depth at specific areas of policy and making recommendations for improvement. Scrutiny supports and challenges the Council's delivery of its priority outcomes. It provides a unique perspective on how well public services are being delivered and how they could be improved, often from the point of view of those using the services. Scrutiny ensures that the Cabinet is held to account for its decisions and that our decision-making processes are clear and accessible to the public. It is an essential part of ensuring that the Council remains effective and is accountable for the use of public resources.

3.15 Scrutiny will continue with its positive influence on improving efficiency, developing and improving Council policies, and improving services. This links closely with one of the Council's top priority outcomes – making best use of resources.

3.16 We will be raising awareness of, and increasing opportunities for, active involvement of the public in scrutiny projects. Members of the public can suggest topics for investigation and, importantly, act as witnesses in providing scrutiny committees with evidence, views and experiences. Scrutiny is responding flexibly in the light of new major programmes affecting the Council and has, for example, formed a joint review to provide an overview of East Sussex Better Together as its impact unfolds over the coming months and years.

Supporting Members

3.17 There have been a number of improvements to the Members support programme to support them in their various roles:

- Member Services support has been restructured to combine Democratic Services and Scrutiny. This new single team will focus on supporting members across all their roles.
- The process of training and supporting needs assessments has begun through discussions with Members.
- The introduction of modern.gov on 05/05/2015, facilitated Members' access to information as well as providing a basis to help Members make much better use of the technology available; for example, Members are being actively encouraged to go for 'paperless' agendas but paper versions will still be available for the time being.
- Member ICT needs and current ICT hardware usage has been identified as a basis to develop a cost effective Member ICT strategy.

3.18 During the County Council elections in 2013, 21 Members who were new to the Council were elected. Our induction programme has and will continue to provide new Members with the opportunity to learn about all areas of the Council, its processes and governance arrangements, and to develop the knowledge and skills to become fully effective in their role. We will help maintain the efficiency of our decision making processes, including scrutiny, with appropriate training and development to support all Members.

3.19 At the 'halfway' stage in the life of the current Council, we will now begin to focus increasingly on refreshing and reviewing the training and support offered to Members, especially in supporting specific roles. Members are involved in a number of projects that aim to improve the quality and impact of the support we provide. The Members' Training and Development Group needs to be reinvigorated to address some specific challenges such as the requirements of Members, for example, in relation to social media and finding better ways to 'understand my community'; social media training will be offered to cater for different levels of use.

Members' ICT support is being improved to make it more flexible and better suited for mobile working; Members logged calls with ICT and Member Services are being used to generate regular, short guidance notes to resolve the most common problems Members face.

3.20 Support for Members more generally has been improved by continuing to promote a broad understanding of the political environment in which the Council operates amongst the Council's workforce and beyond. A continuing priority this year will be raising staff awareness of the decision-making process through induction sessions and the popular 'Working in a Political Environment' training course. This programme increasingly attracts interest from external organisations for which understanding how the Council operates is becoming more relevant.

Communications

3.21 Communications will support the Council's four priority outcomes by helping strengthen services, keeping residents informed of news and services that affect them, finding innovative ways to communicate that make better use of resources, and enhancing the reputation of the Council, especially in the county it serves. We will ensure that the service provides value for money and is carried out as cost effectively as possible.

3.22 We will run public campaigns on behalf of services in support of priorities such as to recruit more adopters and foster carers, to improve public health, to encourage reading among schoolchildren, and to keep people safe on the roads. These campaigns will use creative thinking to maximise their appeal and evidence to prove their effectiveness.

3.23 We will improve the Council's digital services, finding more efficient ways to both engage residents and strengthen customer service. We will continue to improve and modernise the Council's website, so that it is leaner and easier to use. This work is already under way in Adult Social Care and Libraries and will be widened throughout the Council during 2015-16.

3.24 We will use national and local media to inform people of the Council's successes and will work to manage and limit the damage of negative publicity.

3.25 We will use our expertise, from design and digital to marketing and editorial, to set high professional standards for every area of the Council's communication.

Performance data and targets

Performance Measures CP = Council Plan	2013/14 Outturn	2014/15 Target	2014/15 Outturn	2015/16 Target	2016/17 Target	2017/18 Target
Council Plan targets met that are available for reporting at year end	76% (53/70)	80% – 90%	67%	80% – 90%	80% – 90%	80% – 90%
Ensure RPPR delivers a One Council approach and strong, transparent processes	n/a	Develop RPPR process for 2016/17 onwards	We have begun to develop our approach for 2016/17 onwards	Implement RPPR process for 2016/17 onwards	Develop RPPR process for 2018/19 onwards	Implement RPPR process for 2018/19 onwards
Improve support to Members in their various roles	n/a	Needs assessment and programme developed	Programme continually developed	Agree a Member support and training package based on a 'halfway term' needs analysis	Agree a Members' ICT strategy and a Member induction programme pre-County elections in May 2017	Implement an effective induction programme for the new Council
Percentage of residents informed or very informed about County Council services and benefits	57%	60%	62%	62%	65%	67%
Percentage of residents satisfied or very satisfied with the way the County Council runs local services	40%	45%	46%	47%	50%	50%
Number of post-campaign evaluations completed for all Council marketing campaigns	n/a	Evaluations completed for 10 campaigns	10	Evaluations completed for 10 campaigns	Evaluations completed for 10 campaigns	Evaluations completed for 10 campaigns

Revenue	2013/14 Budget	2014/15 Budget	2015/16 Budget
	£'000	£'000	£'000
Gross Budget (A)	4,031	3,833	3,984
Government Grants (B)	0	0	0
Fees & Charges (C)	(2)	(1)	(43)
Other Income* (D)	(99)	(46)	(97)
Net Budget (A-B-C-D)	3,930	3,786	3,844

* Other income includes contributions from other organisations

Capital Programme £000							
Capital	**Description**		**Total for Scheme**	**Previous Years**	**2015/16 Budget**	**2016/17 Budget**	**2017/18 Budget**
Project name	No projects	**Gross**					
		Net					
Project name		**Gross & Net***					

*Fully funded by ESCC

Economy

Forward Plan

Economic Growth

4.1   ESCC is committed to improving the prosperity of the county by creating the right conditions for growth. A vibrant economy means a better quality of life for people in East Sussex and will help our communities to become more sustainable. To achieve this aim, we have established programmes that support businesses, promote the development of skills and address deficiencies in infrastructure across the county. No single organisation can tackle these issues by itself, so we will work with a wide range of partners to develop a coherent, strategic approach to supporting the local economy and the growth agenda. This is guided by the new East Sussex Growth Strategy which sets out clearly the focus for future actions required to drive economic growth across the county.

4.2   There are signs that the economy of East Sussex is recovering from the deepest recession affecting the UK since records began in 1948. The number of people claiming Job Seekers Allowance (JSA) has fallen sharply since January 2015 and reached 4,548 in May 2015, the lowest number since records began in 1983. Numbers are 27% lower than in May 2014. The claimant rate among young people (aged 18-24) in the county is also falling, reaching 2.7% in May 2015, although it remains above the England average of 2.5%. East Sussex still faces many challenges. The average weekly earnings of residents in East Sussex are just 85% of the national average. The local economy is not as productive as it could be, as evidenced by Gross Value Added (GVA), the total value of goods and services produced by the local economy, which is 68% of the national average. Socio-economic inequalities remain across the county, such as 30% of households with dependent children being workless in Hastings compared to 4% in Wealden.

4.3   In March 2014, the County Council and the five District and Borough Councils asked the Local Government Association (LGA) and Planning Advisory Service (PAS) to carry out an 'Open for Growth' peer review of economic development activities in East Sussex. This was the first ever two tier authority peer review undertaken by the LGA and the County Council was described by partners as being "ahead of the pack" and "punching above its weight" in the SELEP. The review found that East Sussex councils are well positioned to accelerate growth, but made a number of recommendations to help us achieve our ambitious aims. An action plan has been developed to take this forward and the key actions are reflected throughout this Portfolio Plan.

4.4   Our involvement in SELEP enables stronger links to be forged across the region. SELEP brings together the key leaders from business, local government and education and is the largest partnership, outside of London, in England. SELEP has adopted a 'federated' structure, based on the three county areas and Thames Gateway/south Essex, to allow a more local focus. In East Sussex this is being driven forward by 'Team East Sussex' (TES), the local federated board of SELEP, who will be responsible for driving forward the growth ambitions of the county underpinned by the East Sussex Growth Strategy and have oversight of relevant local project delivery. The East Sussex Growth Strategy Implementation Plan will be developed and consulted on over summer 2015.

4.5   We have been actively involved in helping SELEP to develop a Strategic Economic Plan (SEP) that formed the basis of the Local Growth Deal agreed with the Government in July 2014. This has resulted in £54.58m of funding for projects in East Sussex, including £10.6m in the first year (2015/16). If match funding is included in the total, then the level of investment from the SELEP Local Growth Deal is worth over £80m between 2015 and 2020. Newhaven also benefits from an allocation of £11.5m from the 'Coast 2 Capital' LEP Growth Deal, including £750k in the first year (2015/16). The Local Growth Deals will contribute to creating 23,500 jobs and 28,435 new homes. In January 2015 the Government announced an 'expansion' to round 1 Local Growth Deal Funding. SELEP secured a further £46.1m, with £5.7m of this being allocated to the following projects in East Sussex:

- Bexhill Enterprise Park

£2.6m of the Local Growth Fund (LGF) will be used to complete the connectivity between the Bexhill Hastings Link Road and the A-road network.

- Swallow Business Park

£1.4m of the LGF loan will enable construction of a junction and access road off the A22, including electrical substation, drainage and sewerage, thus unlocking the whole site of around 15,000sqm.

- Sovereign Harbour Innovation Park

£1.7m of the LGF will deliver the site infrastructure for the next phases of the development of 8,750sqm.

The coastal communities of East Sussex will also benefit from the following SELEP-wide scheme:

- Housing Regeneration Project (some coastal areas)

Hastings Borough Council is working with Thanet and Tendring District Councils to pilot new approaches with a focus on the strategic role of housing interventions. The £2m LGF will help to deliver an integrated package of 4 housing renewal activities: home improvement loans; home improvement loans focused on bringing empty properties back into use; an investment fund; and a programme fund to enable major housing renewal projects to be developed.

4.6   Within the Growth Deal SELEP was given an additional £800k revenue (for 2015/16 only) to set up a Growth Hub. East Sussex also gained an additional £113k from SEEDA Legacy Funds towards the Growth Hub; this money however can be spent up to 2020. The Growth Hub is a 'one stop shop' for business support. Because of the federated structure there will be a central SELEP Growth Hub web site linked to local hub websites, including East Sussex's. These websites will signpost businesses to the support they need including local and national business support provision. In addition there will also be a business needs diagnostics service in the three federated areas. Further funding will need to be found for 16/17 onwards. The initial provision of the East Sussex Growth Hub Service (Business East Sussex (BES) was tendered in spring 2015. The tender was successful and the initial service went live at the end June 2015. The BES website will also be developed over spring to summer.

4.7   The Government's Growing Places Fund (GPF) is an important source of funding for economic development projects in the county. This is currently used to support projects such as Bexhill Business Mall, Sovereign Harbour Innovation Centre, Hastings Priory Quarter Phase 3 and the North Queensway Business Park. These projects are managed by Sea Change Sussex and are expected to generate over 1,500 jobs. There are two further schemes in the pipeline, Bexhill Enterprise Park and Priory Quarter Phase 4. However future use of the GPF post-April 2015 is dependent on the outcome of considerations by SELEP to use this money for the South East Fund (SEFUND). This Fund will be in addition to 'local business access to finance schemes'. It will cover higher cost business investment across

the SELEP area where developers cannot access the finance required to progress commercial and or housing development.

4.8   We have worked with SELEP to identify funding requirements to improve Small and Medium Enterprise (SME) competitiveness and innovation from the European Regional Development Fund (ERDF), skills from the European Social Fund (ESF), and rural development from the European Agricultural Fund for Rural Development (EAFRD). These funds total £180m for the SELEP area and will be allocated in line with SELEP's European Structural & Investment Fund (SIF) Strategy. Expressions of Interest and applications will be assessed by central government departments and will be endorsed by the EU Structural and Investment Funds South East Committee, which reports to the National Monitoring Committee. The first call for projects was in spring 2015; the next calls are scheduled for July.

4.9   EU Leader (rural) funding has been accessed for Wealden and Rural Rother, and via a separate programme, for Lewes. Leader funds work through a small Local Action Group and are supported by a Local Development Strategy. The programmes will run from 2015 – 2020.

4.10 Our programme of grants and loans is helping local businesses and start-ups access capital to expand and invest in infrastructure. This is funded by the County Council's Economic Intervention Fund (£5.54m) and Capital Budget for Growth (£2.7m) and the Government's Regional Growth Fund (£4m– completed March 2015). Some of these funds are administered by Locate East Sussex under the Let's Do Business Group. Locate is the one-stop shop for businesses seeking to move into the area, expand or access capital funding for growth. The service has been set targets for attracting businesses and creating/safeguarding jobs, including 12 businesses committed to or relocated to East Sussex by May 2016. Three other RGF funded projects were available to businesses in parts of East Sussex, but are administered by different local authorities; Escalate (Kent County Council, £5.5m), SUCCESS (Hastings Borough Council, £2m) and that of the Coast 2 Capital LEP (covers Lewes District).

4.11 Up to March 2015 the County Committed £4.2m under the Regional Growth Fund (in a programme called East Sussex Invest (ESI) 3). The grants and loans under ESI 3 are projected to create c580 jobs; this is over a hundred jobs above target.

4.12 Given the demand under ESI 3 the County Council launched ESI 4 in early summer 2015. This funding programme, similar to ESI 3, will give grants and loans to business with an emphasis on loans to help create a 'revolving fund'. ESI 4 is part funded by the County Council's capital programme and part by recycled ESI 3 loan repayments. East Sussex Invest 4 (ESI 4) is a £1.3m annual fund focusing on business growth and job creation through grants and loans to businesses for capital investment. The fund is divided into £300k grants and £1m loans a year for the next three years (2015-2018) delivered in partnership with Locate East Sussex. There is also an additional apprenticeship grant of £1.5k for a new apprentice position which can be claimed after the position has been filled for 6 months.

4.13 The new capital programme 'Catalysing Stalled Sites' (CaSS) is designed to unlock stalled investment and opportunity across the county. CaSS supplies finance of 'last resort' to East Sussex Local Authorities and private sector developers to undertake feasibility studies (and where required follow on business cases) and / or pre development work on employment and housing sites in the county where, without this additional work the sites would remain undeveloped. £915k is to be made available from the ESCC capital budget and the programme will be rolled out summer 2015.

4.14 Locate East Sussex also has an important role to play in marketing East Sussex to businesses, including the unique selling points about the county and the industries it contains that makes it a good place to do business or expand into. Following the peer review, we recognise the need to consider when best to market as 'East Sussex' and when to market as specific areas, particularly bearing in mind that some locations already have strong branded identities (e.g. the '1066' brand). We held an initial workshop with the District and Borough Councils in September 2014 and have begun work to develop the East Sussex image and marketing prospectus.

4.15 The East Sussex SME Commission was established in 2012 to increase support for SMEs and reduce barriers to business growth. To date the SME Commission has spent or committed £250,000 of its £1m allocation from the County Council's Economic Intervention Fund. We are currently exploring opportunities to use the remaining money as, for example, match funding with EU funds (mainly ERDF) to maximise the amount available to support SMEs. The work of the SME Commission will be taken forward under the developing Business East Sussex (BES) Growth Hub which provides access to business support services.

4.16 We have completed the development of 'Innovate East Sussex' a document to help inform future investment, particularly where it includes the support and nurturing of innovation. It sets out a framework and goals to achieve economic development benefits and support the creation of more efficient, responsive, cost-effective services that could include those in the public sector, and aims to embed innovation to secure sustainable growth. Innovation is important for the Private, Public and Third Sectors, in services and production, in low-tech as well as high-tech fields, and as part of this we need to encourage and support entrepreneurship, business growth, exports and research and development activities. It identifies sectors where there is potential for high growth, such as medical technology and advanced engineering. In addition there are approximately 1,800 companies in the county which, with the right support, could achieve sustainable high growth. Some of the actions are already planned for implementation, but there is further work to do that will be informed by this new document, and the new East Sussex Growth Strategy.

4.17 The rural economy is important not just for tourism, forestry and agriculture, as innovative businesses, manufacturing and engineering, and construction companies are just as likely to be sited in rural areas as in urban areas. However, rural areas face challenges such as a declining and aging workforce, access to training and jobs, affordable housing, a lack of appropriate work space and a decline in livestock in some parts. We are working with the High Weald Area of Outstanding Natural Beauty Unit to understand the issues and ensure that our plans balance conservation of the distinctive and unique landscape with the needs of the rural economy.

4.18 East Sussex is fortunate to have a rich and varied culture, heritage and landscape that attract many visitors, residents and businesses to the area. These sectors are recognised as essential components for future growth and we are focusing on integrating plans for these sectors with our overall strategy for economic growth. Responsibility for promoting culture and the creative industries falls within the Community Services Portfolio where our forward plan for culture is set out in more detail.

Employment and Skills

4.19 Employers need skilled staff, and our aim is to ensure that our residents have access to the knowledge and training that they need so that we can create a workforce for the future. As one of the largest employers in the county, and a major procurer of goods and services, it is vital that we are clear about our offer to support that aim.

4.20 In July 2014, we adopted an Employability and Skills Strategy that articulates a clear vision for the County Council underpinned by a 'One Council' approach and an agreed action plan. The Action Plan sets out the actions we will take between 2014/15 and 2016/17 based around three themes influencing others, strategic commissioning/procurement and recruitment and training.

4.21 Work is underway to implement the Strategy and a lot of progress has been made:

- We have launched a new Employment & Skills Strategic Partnership Board 'Skills East Sussex' (SES), which brings together key stakeholders and employers and will drive forwards the skills agenda in order to support economic growth and wellbeing.
- Skills criteria have been embedded in our procurement activity via our 'Employment and Skills through Procurement' policy. Thus far, contracts awarded for catering, building works and building maintenance have secured apprenticeships and work placements for local young people as well as a commitment from all contract holders to support careers advice and guidance in local schools and colleges.
- We have launched the Supply to East Sussex procurement portal, which links to the SE Shared services procurement portal, in partnership with local stakeholders and partners. It provides an East Sussex 'one stop shop' for tenders, providing businesses with information about forthcoming contracts from a range of local organisations, training and skills opportunities, as well as a platform for promoting themselves as suppliers to larger contract holders. All companies registering on the site will be asked to sign up to a local recruitment charter, committing to advertising jobs locally in the first instance, and to considering all roles for Apprentices.
- The Eastbourne Employability Hub was launched in October 2014 in partnership with Eastbourne Borough Council and Job Centre Plus. It offers careers advice, job search and application support as well as information about training and job opportunities. Building on its success, a feasibility study is underway to explore options for creating rural employability hubs.
- We are undertaking a review of how we support learning disabled adults within our workforce and this is due to be completed in the summer.
- Nottingham City Council undertook a peer review of our Apprenticeship Activity and as a result we have agreed a comprehensive Apprenticeship Programme for the Council that will form part of our workforce planning. This programme includes progression pathways from work readiness support, to work placement, to apprenticeship and then into employment with us or with one of our local partners and will be coordinated by an Apprenticeship Co-ordinator for the Council.
- The You're Hired! Campaign is currently underway, increasing awareness amongst employers and young people of apprenticeships. The campaign aims to persuade 500 employers to appoint apprentices and 500 young people to gain apprenticeship placements, across the five districts and boroughs, in five months. Partners involved in the campaign include ESCC, District and Borough Councils, the National Apprenticeship Service, the Youth Employability Service, colleges and training providers, Sussex Council

of Training Providers, the Federation of Small Businesses and the Alliance of Chambers in East Sussex (ACES).

4.22 We continue to work with SELEP to ensure that the skill needs of East Sussex are articulated and understood. We support SELEP's Skills Advisory Group which is a group of technical advisors to the Board. We have supported the development of SELEP's FE Skills Capital programme (a £22m fund across the region). One East Sussex FE provider has been successful in its application to the Fund, enabling a new educational resource for teaching Science, Technology, Engineering and Mathematics (STEM).

Broadband and Mobile Connectivity

4.23 Faster and more reliable broadband will improve access to services, jobs and education and is a key driver of economic growth in the county. An independent study of our capital programme found that £295m can be generated in the local economy by 2022 through better access to and use of improved broadband. Since we signed the contract in May 2013 to deliver the 'e-Sussex' Broadband project, we have been working with our supplier BT to roll out improved broadband infrastructure in eligible areas where it is not commercially viable for the private telecommunications sector to invest. This is a £34.6m programme met by capital contributions from the County Council (£15m) and Broadband Delivery UK (BDUK) (£10.6m), and a further revenue contribution from BT for running the live network (£9m). The programme will be complete by March 2016 (with final payment in 2016/17), and will enable 65,500 premises to access faster broadband. We are currently working with BDUK to secure additional funds to tackle hard to reach areas. As of February 2015 £6m has been secured and final procurement is now underway.

4.24 We continue to work to secure funding to deliver a business support package designed to improve digital capability in businesses, working in conjunction with the East Sussex SME Commission. In addition East Sussex is also one of 16 pilot projects nationally to have secured funding of £75,000 from the Department of Culture, Media & Sports to deliver improved digital skills to support business growth.

4.25 Mobile connectivity is important too and we have worked with the National Mobile Infrastructure Project (MIP) to bring forward one new site in East Sussex to help overcome a major 'not spot'. Another potential site is currently under discussion and we continue to work with MIP.

Infrastructure

4.26 The infrastructure of East Sussex has many contrasting strengths and weaknesses. The county is close to London and Gatwick and has strong links to mainland Europe but suffers from slow road and train times. New developments are sometimes constrained by poor transport links which is why many of our major infrastructure projects are about 'unlocking' land to enable economic growth from housing and commercial development to take place.

4.27 The most high profile of our transport infrastructure projects is the construction of the £111.7m Bexhill to Hastings Link Road, soon to be renamed 'Combe Valley Way' when it opens in 2015. This will enable the construction of some 2,000 homes and a new 50,000 sqm business park, generating jobs and regeneration amounting to £1bn over the next 25 years. The SELEP and Coast 2 Capital Growth Deals (C2C) mean £68.4m of funding specifically for transport and infrastructure schemes in East Sussex. These schemes are:

- Queensway Gateway Road
- A22/A27 junction improvements
- Hailsham – Polegate – Eastbourne sustainable transport corridor
- Eastbourne and South Wealden walking and cycling package
- Eastbourne town centre access and improvement package
- Hastings and Bexhill walking and cycling package
- Hastings and Bexhill junction capacity improvements
- North Bexhill Access Road
- Newhaven Port Access Road
- Sovereign Harbour Innovation Park, Eastbourne – site infrastructure
- Swallow Business Park, Hailsham – site infrastructure
- Bexhill Enterprise Park – site infrastructure

4.28 Through the Growth Deals from SELEP and C2C £3m has been allocated towards improving the flood defences in Newhaven; before the funding can be made available a business case will need to be developed to demonstrate good value for money. These funds will augment the £6m of funding from the Environment Agency towards the scheme. We have jointly commissioned a study with Lewes District Council into the economic viability of the surrounding sites as a consequence of the improved flood defences and delivery of the Newhaven Port Access Road. Across seven sites, the implementation of the flood defences has the potential to unlock the development of up to 167,200sqm of new workspace creating 6,000 jobs.

4.29 A £3.25m scheme of pedestrian improvements is planned for Terminus Road in Eastbourne to coincide with the extension to the Arndale centre. Using 'shared street space' principles the scheme will improve pedestrian movement and comfort. Construction is due to be completed in December 2016.

4.30 We are also implementing small to medium sized schemes that improve accessibility for pedestrians, cyclists and public transport users, and improve traffic movement and road safety. These schemes make up the Local Transport Capital Programme, guided by our Local Transport Plan 2011 – 2026 and its first Implementation Plan which covers the period 2011/12 – 2015/16. For example, as part of this programme, we will be improving the facilities for public transport near Newhaven railway station to coincide with the opening of the new University Technical College on Railway Quay in September 2015, and will be completing a pedestrian improvement scheme in the High Street Old Town Hastings, and a further section of the Horsey Cycle Route in Eastbourne that will link eventually the Eastbourne railway station to Sovereign Harbour.

4.31 Community Infrastructure Levy (CIL) is a new planning charge placed on development to help fund infrastructure across the whole planning authority area. Where it is introduced it will replace most aspects of Section 106 agreements other than site specific requirements. Eastbourne Borough Council introduced its CIL charging schedules approved in April 2015. Lewes District Council is expecting to approve their charging schedules by July 2015 whilst Wealden's approval should come in September. Rother District Council has consulted on their Draft Charging Schedules whilst South Downs National Park Authority will be consulting on theirs during spring 2015, with both anticipating approval by the end of 2015. Hastings Borough Council at this present time has decided not to introduce a CIL, due to low development viability across the borough, but we are working with them to investigate other funding sources to ensure that essential infrastructure is delivered.

4.32 Not all transport infrastructure in East Sussex is the responsibility of the County Council. The Highways Agency is responsible for around 60 miles of trunk roads in the county, of which 7.4 miles is dual carriageway. Along with local MPs, local councils along the A27 route have formed a reference group to lobby for improvements to the A27 section between Lewes and Polegate. The Government has now committed to developing a £75m investment package for improving the A27 east of Lewes as well as developing sustainable transport measures along the route. We are engaging with the DfT on what further work is required to unlock this funding and enable the delivery of these improvements. A similar reference group is also seeking improvements to the A21 and has been successful in lobbying for improvements to the Tonbridge – Pembury section which has now commenced construction and will open in spring 2017. The group will continue to lobby for further improvements to the Kippings Cross – Lamberhurst and Flimwell – Robertsbridge sections of the road.

4.33 The first priority of our Rail Strategy is the upgrading of the Marshlink line from Hastings to Ashford. Network Rail have identified that there is a good business case for electrifying and running high speed rail services on the Marshlink line between Hastings/Bexhill and London. Together with Hastings and Rother Councils, we have undertaken a study on the economic and regeneration benefits that high speed rail would bring to the Hastings and Bexhill area. This will support Network Rail's overall case for funding as they develop their proposals for improving and running high speed services on the line. Electrification of the line north of Uckfield to Hurst Green is the second priority in our Rail Strategy.

4.34 We support the proposal for a second runway at Gatwick Airport. Whilst there may be noise and environmental impacts, which we would expect Gatwick Airport Limited to mitigate should a second runway come forward, we have highlighted that its role in supporting economic growth in the county is important to us in our responses to consultations. The Airports Commission estimate a new runway could support the creation of up to 49,600 new jobs at Gatwick by 2050, which will open up considerable job opportunities for residents of East Sussex. It is vitally important that the necessary transport and social infrastructure is in place prior to any expansion, and that the impacts are mitigated and do not increase detrimentally the environmental harm, including noise levels, on the local communities that may be affected. We will need to continue to work with Gatwick Airport to ensure that these impacts are fully addressed should a second runway come forward and that residents and businesses in East Sussex are also able to take full advantage of the opportunities created. The Airports Commission's recommendations on additional runway capacity in the south east reported to Government in summer 2015.

Trading Standards

4.35 Our Trading Standards Service has an important role to play in promoting a safe and fair trading environment and in protecting the residents of East Sussex, particularly the vulnerable. The service supports economic growth by targeting rogue traders who inhibit legitimate businesses, and by engaging with local businesses to guide them through the regulatory framework.

4.36 Trading Standards have five key issues under three of the council's priority outcomes:

> Economic growth: - we support local businesses using a range of methods including business advice, training packages, trader visits and sampling programmes. We inspect premises on a targeted, intelligence-led basis which is more effective and less resource intensive than blanket routine visits. In partnership with Adult Social Care, we run Support With Confidence, an approved trader scheme for those in the care sector.

Protecting the vulnerable: - vulnerable residents, who are most at risk from rogue traders, will continue to receive consumer advice from us. We direct non-vulnerable residents to consumer advice available through Citizens Advice, which runs a national consumer advice service.

Predatory marketing: - we are working to identify victims of mass marketing fraud so that we can intervene and support victims. We have pioneered the 'National Scams Team', a project funded by the National Trading Standards Board and hosted here at East Sussex. The team handles intelligence about victims of mass marketing fraud from partner agencies such as Royal Mail for use by local Trading Standards services. The team has been nationally recognised for its work to protect vulnerable people. Further funding for this project has been secured from the National Trading Standards Board for 2015/16.

Doorstep crime: - our Super Sticker scheme gives a legally enforceable warning to stop cold callers. Consumers can say "no" to cold callers simply by displaying this sticker at their homes. Our Rapid Action Team intervenes to disrupt rogue traders and carries out proactive work in hotspots of doorstep crimes to advise and protect residents.

Empowering people to make better financial choices: - we are gathering intelligence about money lenders and working with the Illegal Money Lending Team (a nationwide service based at Birmingham City Council) to stamp out loan sharks in East Sussex. We also provide advice through the 'Money Makes Sense' website developed in collaboration with Eastbourne Citizens Advice Bureau.

4.37 Trading Standards have two performance measures recording satisfaction with services; the percentage of businesses and customers satisfied with Trading Standards support for fair trading, and the percentage of vulnerable consumers satisfied with intervention by Trading Standards to stop mass marketing fraud and doorstep crime. Both of these measures were showing 100% satisfaction for 2014/15 and this will help to shape targets in forthcoming years.

Performance data and targets

Performance Measures CP = Council Plan	2013/14 Outturn	2014/15 Target	2014/15 Outturn	2015/16 Target	2016/17 Target	2017/18 Target
Number of businesses supported and jobs created or protected via Regional Growth Fund 4 (East Sussex Invest 3). From May 2015 deliver the new ESI 4 business growth funding **CP**	New measure	Begin to allocate RGF4 businesses grants and loans	**£4.2m has been allocated with 573 jobs due to be created**	Continue to monitor ESI 3 funding. Launch new ESI 4 funding of £1.3m May. 28 businesses supported and 43 jobs created as per contracts	Support 55 businesses create 86 jobs per year; continue to monitor outputs (ESI 3 & 4) and award loans and grants from ESI 4	Support 55 businesses create 86 jobs per year; continue to monitor outputs (ESI 3 & 4) and award loans and grants from ESI 4
Increase inward investment **CP**	New measure	7 businesses committed to or relocated to East Sussex	**10 businesses committed to or relocated to East Sussex**	12 businesses committed to or relocated to East Sussex (NB year runs May - May 2016/17)	Contract with Let's Do Business Group ends May 2016	No further targets
Establish the East Sussex Growth Hub as the new 'one stop shop' for business support in the county **CP**	New measure	New measure	New measure	Initial Business East Sussex (BES) service set up by end June 2015 Set targets with service provider June 2015	To be set 2015/16	To be set 2015/16
Develop a 'Prospectus' for East Sussex with key partners **CP**	New measure	Develop marketing 'brand' for East Sussex with key partners, launch, and develop measures	**Held initial discussions with key partners**	Identify potential for image creation for East Sussex with partners and Prospectus complete	Positive feedback by target audience (method to be advised and cost implications)	To be confirmed if required
Deliver the new Employability and Skills Strategy: East Sussex business sector skills evidence base developed **CP**	New measure	New measure	New measure	First tranche of priority sectors identified	Deliver sector specific campaigns through Skills East Sussex	To be set pending outcomes
Number of young people completing work readiness courses with the County Council **CP**	New measure	New measure	New measure	60	30 (by November 2017; with target extension subject to in-year review)	To be set pending outcomes
Number of new apprenticeships with the County Council **CP**	New measure	New measure	16 ESCC 16 Schools	Workforce planning review to identify target number of apprentice-ships	To be set 2015/16	To be set pending outcomes
Percentage of apprentices retained in their apprenticeship placement and/or moving into alternative training or paid employment **CP**	New measure	New measure	New measure	60%	70%	To be set pending outcomes
Promote the successful recruitment of people with learning/physical disabilities **CP**	New measure	Develop and pilot support package	**Review by National Development Team for Inclusion completed**	Review of current & past provision undertaken and a model	Model to be implemented & target to be set	Target to be set 2016/17

Performance Measures CP = Council Plan	2013/14 Outturn	2014/15 Target	2014/15 Outturn	2015/16 Target	2016/17 Target	2017/18 Target
			and report received July 2015.	for ESCC delivery developed		
Number of additional premises with improved broadband speeds (65,500 by March 2016) CP	New measure	35,000 premises	**38,565 premises to 31.12.2014**	30,500 premises	To be set once new project agreed Dec 2015	To be set once new project agreed Dec 2015
Report progress on the level of broadband improvement in the Intervention Area CP	New measure 2014/15	Report build phase 1 & 2: number of premises with broadband speed achieved	**Over 15,000 premises receiving speeds of 24mbps or above (at 31.12.2014).**	Report build phase 3 – 9: number of premises with broadband speed achieved	To be set once new project agreed Dec 2015	To be set once new project agreed Dec 2015
Take up of broadband services in the Intervention Area	New measure 2014/15	Report take up during rollout	**10.7% at 31.12.2014**	Report take up during rollout	Contract ends 2016	Contract ends 2016
Complete the Bexhill to Hastings Link Road CP	39% complete and on track for completion by May 2015	Continue construction	**Construction continued but completion delayed**	Road constructed and open for use 2015	No target set road complete	Monitor impact
Deliver major transport infrastructure – Queensway Gateway Road CP	Road identified as a priority in the SELEP Strategic Economic Plan	Develop scheme design and obtain planning permission	**A scheme design has been developed and agreed**	Commence construction	Continue / complete construction	Monitor impact
Deliver major transport infrastructure – Newhaven Port Access Road CP	ESCC work delayed to mid-2015 while developer completes phase 1	Detailed design work complete	**Detailed design delayed due to uncertainties over DfT approval process for LGF (external) funding**	Business case approved	Construction commenced	Construction completed and monitor impact
Deliver major transport infrastructure – A22/A27 improvements	New measure	New measure	New measure	Develop proposals with the Highways Agency as number of improve-ments on their network	With the Highways Agency, commence construction	Continue and complete construction and monitor of impact
Deliver major transport infrastructure – North Bexhill Access Road	New measure	New measure	New measure	Develop proposals for North Bexhill Access Road	Commence construction	Complete construction and monitoring of impact
Complete key local transport scheme improvements in growth priority areas (Hastings/Bexhill, South Wealden / Eastbourne and Newhaven)	n/a	(i) Hastings High St (ii) A259 Peacehaven /Newhaven (iii) Newhaven Station Interchange	**(i) Hastings High Street deferred until Q4 2015-16 (ii & iii) A259 Peacehaven-Newhaven cycleway and Newhaven Interchange completion delayed to Q1 of 2015-16**	(i) South Wealden /Hailsham High St (ii) Bexhill A259 Bus Lane	(i) Hailsham /Eastbourne Sustainable Transport Corridor – Phase 1	Bexhill Town centre Movement and Access improvements
Deliver pedestrian improvements in Terminus Road (Eastbourne) using 'Shared Space' concepts to coincide with opening of the new Arndale	n/a	Work with key stakeholders to complete scheme design and award	**The scheme design continues to progress well.**	Contract awarded September 2015	Construction complete December 2016	No target set after 2015/16

Performance Measures **CP** = Council Plan	2013/14 Outturn	2014/15 Target	2014/15 Outturn	2015/16 Target	2016/17 Target	2017/18 Target
Centre **CP**		contract	**However contract has not been awarded**			
Provide support to District and Borough Councils to assist with the implementation of Community Infrastructure Levy (CIL)	s106 restrictions will take effect one year later than planned (April 2015)	All District and Borough Councils have CIL schedules approved by 1/4/15	**Eastbourne: 01/04/2015 All further dates provisional: Lewes: September 2015 Wealden: Autumn 2015 Rother: End of 2015 South Downs: No Update Hastings: No CIL Adopted**	All charging authorities except Hastings BC have CIL schedules approved during 15/16	No target required as CILs implemented and new measure will be developed on the implement-ation of CIL	No target required as CILs implemented and new measure will be developed on the implement-ation of CIL
The number of people attending Trading Standards business workshops **CP**	New measure	New measure	New measure	180	210	240
The number of positive interventions made to chronic victims or targets of mass marketing fraud **CP**	New measure	New measure	New measure	Establish baseline	To be set in 2015/16	To be set in 2015/16
The percentage of contacts responded to with a positive intervention from the Trading Standards Rapid Action Team **CP**	New measure	New measure	New measure	Establish baseline	To be set in 2015/16	To be set in 2015/16

Revenue	2013/14 Budget	2014/15 Budget	2015/16 Budget
	£000	£000	£000
Gross Budget (A)	3,475	4,652	3,430
Government Grants (B)	(1,231)	(1,233)	(1,364)
Fees and Charges (C)	(668)	(700)	(672)
Other Income* (D)	(34)	(1,151)	(209)
Net Budget (A-B-C-D)	1,542	1,568	1,185

* Other income in all years includes contributions from other organisations

Capital Programme £000							
Capital	Description		Total for Scheme	Previous Years	2015/16 Budget	2016/17 Budget	2017/18 Budget
Broadband	To make high speed broadband available across the county	Gross	25,600	4,334	20,271	995	0
		Net	15,000	442	13,563	995	0
Bexhill & Hastings Link Road	Construction of a major road to link Bexhill and Hastings	Gross	111,708	94,108	13,086	812	3,702
		Net	54,657	37,057	13,086	812	3,702
BHLR Contingency	Construction of a major road to link Bexhill and Hastings	Gross & Net*	4,717	0	4,717	0	0
BHLR Complimentary Measures	To resolve access and other issues following the construction of the Bexhill to Hastings link road	Gross & Net*	1,800	213	1,587	0	0
Newhaven Port Access Road	Phase 2 of the development of the port access road in Newhaven	Gross	23,219	170	13,049	10,000	0
		Net	13,219	170	13,049	0	0
Local Sustainable Transport Fund Coastal Towns	Provision of sustainable transport options	Gross	2,107	1,684	423	0	0
		Net	360	359	1	0	0
Local Sustainable Transport Fund Travel Choices Lewes	Provision of sustainable transport options	Gross	1,252	1,081	171	0	0
		Net	236	65	171	0	0
Integrated Transport - LTP plus Externally Funded	Programme of works to improve the integration of road and other transport links	Gross	47,310	33,072	5,238	4,500	4,500
		Net	26,385	18,508	3,077	2,400	2,400
Terminus Road Improvements	Provision of shared space and improvements to Eastbourne shopping centre	Gross	3,250	106	3,144	0	0
		Net	2,500	106	2,394	0	0
Economic Growth & Strategic Infrastructure Programme	To enable significant economic growth across the county that will unlock strategic infrastructure sites improving connectivity, business growth, homes and jobs.	Gross	80,910	4,203	24,868	11,600	40,239
		Net	11,000	2,061	8,050	800	89
North East Bexhill Roundabout	Will allow access to developments such as	Gross	1,178	338	840	0	0

Capital Programme £000							
Capital	**Description**		**Total for Scheme**	**Previous Years**	**2015/16 Budget**	**2016/17 Budget**	**2017/18 Budget**
	the Bexhill Business Mall. Funded from Seachange & LEP.	**Net**	0	0	0	0	0
Reshaping Uckfield Town Centre	Will deliver: additional car parking spaces; improved pedestrian environment; improvement to traffic signals; improved facilities at bus station and bus stops.	**Gross**	2,500	787	1,713	0	0
		Net	0	0	0	0	0

* Fully funded by ESCC. May exceed annual totals if there is a spend in 2017/18

Public Health

Forward Plan

5.1   Health is determined by a complex interaction between individual characteristics, lifestyle and the physical, social and economic environment. These determinants of health can be grouped into layers of influence (Figure 1). The different layers of influence do not operate in isolation, but interact in complex relationships. Some are fixed and little can be done to change them, whilst others are amenable to change.
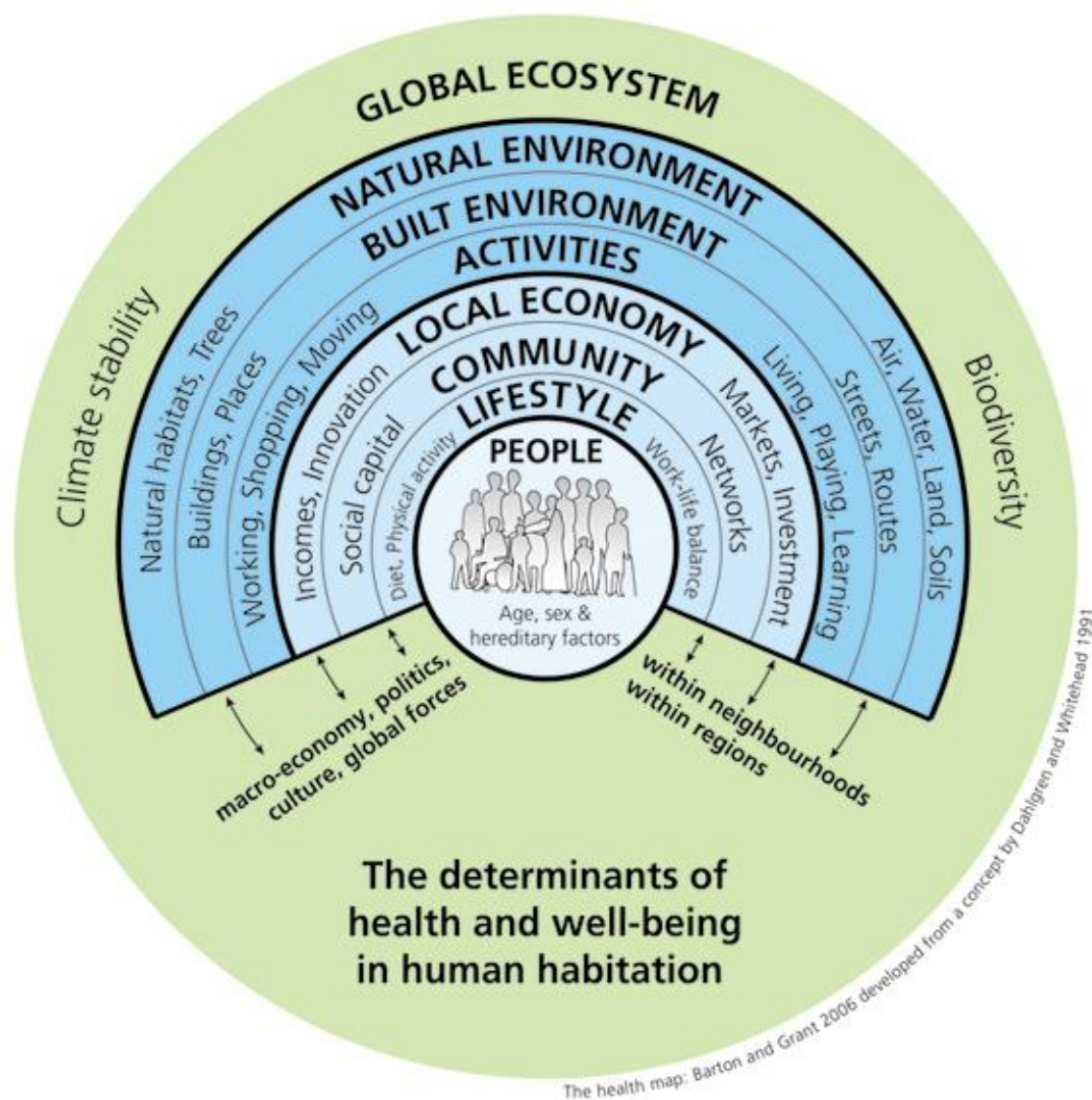
Figure 1: The main determinants of health

5.2   East Sussex has significant strengths and performs better than the national average for many indicators in the Public Health Outcomes Framework (see www.eastsussexjsna.org.uk). Our residents generally enjoy a high quality of life and a better life expectancy than the national average but there are differences and inequalities within and between different parts of the county.

5.3   The gap between the local authority with the highest male life expectancy and the lowest has decreased from 4 years to 3.5 years between 2009/11 and 2010/12 (the most recent data available). Over the same period the gap in female life expectancy has decreased at a slower rate from 3.9 years to 3.6 years. All districts and boroughs have seen an increase in both male and female life expectancy between 2009/11 and 2010/12. However, the rate of increase in female life expectancy in Hastings is slower than the national rate (Figure 2).

Figure 2: Male and Female life expectancy, East Sussex District and boroughs, 1991–1993 to 2010–2012
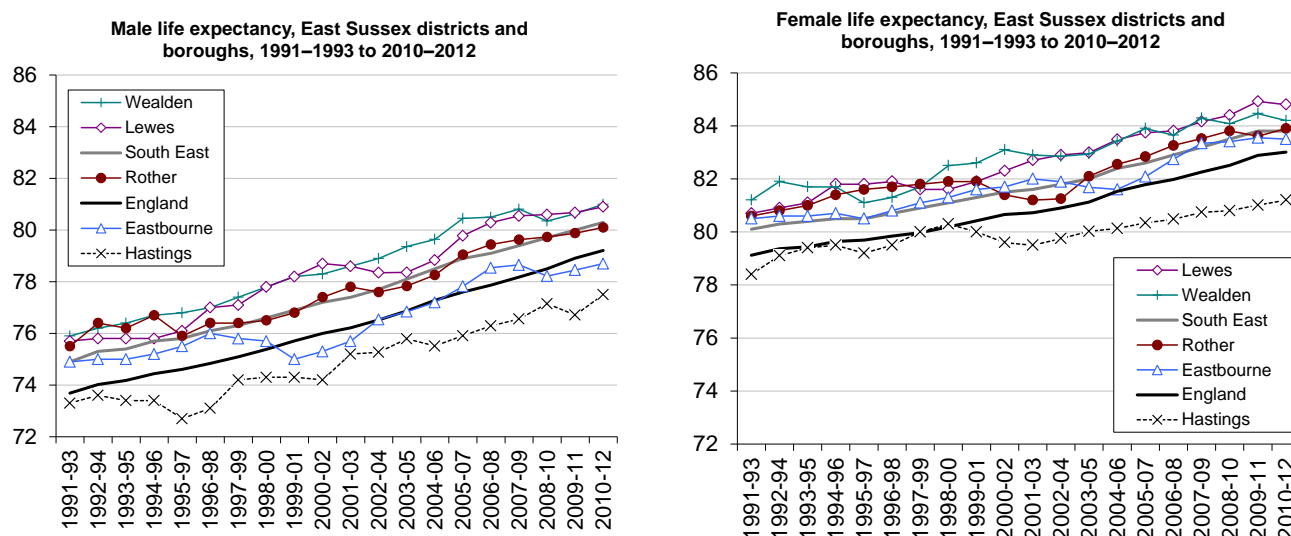
5.4   Within the county and the districts and boroughs there are differences in life expectancy between the most and least deprived areas (Table 1).[1] In East Sussex the gap in life expectancy between the most and least deprived males is 8.2 years and for females 5.4 years. The gap in male life expectancy has remained relatively constant over the previous reporting periods, whilst the gap for females in decreasing. Amongst the districts and boroughs the gap for males continues to be largest, and is growing, in Hastings (11.1 years). The gap in female life expectancy is widest in Rother (9.7), and is also widening.

Table 1: Gap in life expectancy within districts and boroughs

Local Authority	East Sussex	Eastbourne	Hastings	Lewes	Rother	Wealden
Gap in life expectancy for males (years)	8.2	6.1	11.1	4.9	7.8	4.6
Gap in life expectancy for females (years)	5.4	1.2	6.4	2.5	9.7	3.3

Three years pooled data 2010-12 using IMD 2010

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[1] The gap in life expectancy at birth between the most and least deprived areas within the local authority is given by the 'Slope Index of Inequality' (SII). It is calculated by grouping Lower Super Output Areas (LSOAs) within each local authority into deciles based on the Index of Multiple Deprivation (IMD) score.

5.5   Public Health provides and commissions a number of services some of which are set nationally, and are mandated services, and others which are based on the needs of people locally.

5.6   A report by the Director of Public Health on the health of the population has to be published annually. Public Health provides a specialist expertise, advice and technical support service to the local authority, clinical commissioning groups (CCGs) and other key partners. For CCGs, the Council provides this as a mandated service via a memorandum of understanding. Public Health informs and supports the development of strategic plans and commissioning intentions through the Joint Strategic Needs Assessment (JSNA), public health intelligence, analysis and interpretation, evidence reviews, evaluation and audit, health care needs assessment, health impact assessment and health equity audits. This is in addition to commissioning public health services from the public health budget which is ring-fenced until March 2016.

5.7   The Council has to provide a mandated health protection service. Public Health have a statutory responsibility to ensure that plans are in place and take steps to protect the health of people from all hazards, ranging from relatively minor outbreaks and contaminations, to full-scale emergencies, and to prevent as far as possible those threats emerging in the first place. It is responsible for the exercise by the Council of any of its functions that relate to planning for, and responding to, emergencies involving a risk to public health. In addition, our assurance and scrutiny role provides strategic challenge to other organisations, and the team acts as a quality and risk assurance conduit for local health protection, immunisation and screening services and hospital acquired infections.

5.8   The role of Public Health is to continue to promote, protect and improve health and wellbeing, and reduce health inequalities within East Sussex.

5.9   Looking forward, the financial challenges remain and we know that as demand for both health and social care services continue to increase we need to change the way we organise these services in East Sussex, to better meet the needs of our community.

5.10 East Sussex's four health and social care commissioning organisations, (the three CCGs and the Council) together spend around £935 million every year on services for local people. We all need to work together to make sure we spend 100% of that £935 million, funded by taxpayers, more effectively so that every penny really counts. We want to reduce our reliance on acute services and invest much more in high quality primary and community services to ensure this support is more readily available for local people.

5.11 East Sussex Better Together is our programme to help us work together so we can ensure high quality and affordable care now and for future generations. Our shared vision is that within three years there will be a fully integrated health and social care economy in East Sussex that makes sure our population receives proactive, joined up care and supporting everyone to live as independently as possible.

5.12 At a time of major transformation in East Sussex, developing an asset based approach presents a key opportunity. It involves mobilising the skills and knowledge of individuals and the connections and resources within communities and organisations, rather than focusing on problems and deficits. The approach aims to empower individuals, enabling them to rely less on public services. *Growing Community Resilience in East Sussex, The Annual Report of the Director of Health 2014-15* makes ten recommendations for supporting community resilience

in East Sussex, including making sure that The East Sussex Better Together programme takes full account of the opportunities of this approach.

Service review and re-commissioning programme

5.13 Following on from the successful transfer of Public Health in 2013/14, a three-year review and commissioning/re-commissioning programme was agreed, to:

- de-commission services that were no longer a priority, could not demonstrate positive impacts towards our aims, or did not represent value for money;
- specify and re-commission services aligned with the mandated services, the priorities set out in the Council Plan and the Health and Wellbeing Strategy; and
- routinely evaluate the effectiveness of services and adjust to changing local circumstances and need.

5.14 The first phase of this programme was completed by April 2014 and new providers have been providing specialist smoking cessation, Health Trainers, weight management services and Alcohol IBA training from April 2014. The second phase is now complete and has included a review and where necessary commissioning or re-commissioning the service areas below (service areas are drawn from the Councils public health duties).

5.15 Re-commissioning of Specialist Sexual Health services has been rescheduled to enable the Council to respond to new guidance from the Department of Health on commissioning integrated sexual health and HIV services jointly with NHS England.

Services to be commissioned/re-commissioned for April 2015	Services for review and scope/re-specify as required for April 2015
- NHS health check review and re-commissioning if required - Children's Health Promotion Interventions - Commissioning Grants Prospectus services (review and identify future priorities) - Capacity and workforce development - Workplace health programmes - Community capacity/asset based programmes - Sexual health services	Low level ongoing health improvement activities, including: - accidental injury prevention; - population mental health promotion services (link to adult and child mental health strategies); - behavioural and lifestyle campaigns to prevent cancer and long term conditions; - population level interventions to reduce and prevent birth defects; - local initiatives to reduce excess deaths as a result of seasonal mortality; - local initiatives on workplace health; - promotion of community safety and the prevention of violence; and - local initiatives to tackle social exclusion.

Delivering on key Public Health priorities

5.16 The East Sussex Better Together programme co-ordinates work across health and social care to deliver improved outcomes for local people. Reducing the need and demand for more intensive health and social care interventions by focusing on effective primary prevention is a key part of the Better Together programme. The work streams outlined below contribute to delivering against this ambition by: supporting and enabling people to take action to reduce their own risk of developing health problems, making healthy choices the

easiest choice; bringing together partners to address the contributing factors and barriers to health; supporting everyone across health, social care and more widely to make improving health part of their role and embedding prevention across the whole system.

<u>Tobacco control</u>

5.17 A multi-agency partnership led by Public Health to address the harms of tobacco use in East Sussex has been established. The partnership identified three key strands of tobacco control, and evidence based interventions to address tobacco use are being developed and implemented by or with support and technical advice and guidance from the public health division, across the partnership. The strands are; helping smokers to stop smoking, protecting families and communities from exposure to second hand smoke, and preventing people from starting smoking and cross cutting actions. Examples of activity to support achievement for each strand are set out below:

5.18 Stop smoking services sit within the overall tobacco control programme forming part of wider action to reduce local smoking prevalence. Specialist stop smoking services have been re-commissioned and additional services have been commissioned from General Practices and pharmacies to increase access to services. Broadly speaking, effectiveness of services is measured in terms of total numbers of smokers successfully quitting smoking at 4-week follow up and, more specifically, also the numbers of smokers in particular high risk groups such as pregnant women or those from a routine or manual background successfully quitting. A series of smoking cessation campaigns have been undertaken including 'Stoptober' and New Year campaigns. Focussed work by the CCG's through their Health Inequalities plans has been supported by the health improvement team and General Practices have written to smokers on their practice list and reminded them of the benefits of stopping smoking and the help that's available.

5.19 Protecting families and communities from exposure to second hand smoke: Reducing exposure to other peoples tobacco smoke is an important element in protecting children and young people from the health harms of tobacco. Hastings Borough Council has been supported through the partnership to undertake a smoke-free playground pilot and campaigns around smoke free homes and cars have been developed.

5.20 A review of maternal smoking has been undertaken by the public health consultant lead for children, and actions to support women (and their partners) to stop smoking during pregnancy and beyond have been identified. The tobacco partnership adopted the findings of the report and has included them in the partnership action plan.

5.21 Preventing people from starting smoking and cross cutting actions: Joint work has been undertaken with Trading Standards to raise awareness of the harms of illegal and illicit tobacco, and to encourage people to report people selling illegal tobacco to crime stoppers. Public health funds have been utilised to undertake additional illicit tobacco control work resulting in the seizure of illegal and illicit tobacco and the prosecution of perpetrators.

5.22 A schools based programme to inform young people about the health harms of smoking and enable influential peers to inform others has been commissioned and is being delivered in targeted schools across East Sussex.

<u>Physical activity and healthy eating</u>

5.23 A multi-agency healthy weight partnership has been established to oversee and co-ordinate actions to increase physical activity, support healthy eating and address obesity. This 'systems' approach aims to make healthy choices the easiest choice, target support to those who need it most and harness the efforts of all agencies to improve health. As well as preventative measures, the situation of those who are already overweight or obese also needs to be considered as a crucial element of any strategy. The number of overweight and obese adults and children is rising so it is imperative that effective services are available to help them meet the personal challenge of reducing their BMI and maintaining a healthy weight.

5.24 New targeted weight management services have been commissioned for adults and children and these commenced in April 2014. Health Trainers, a 1:1 evidence based behaviour change service was re-commissioned and the new provider commenced offering services from April 2014. A range of targeted volunteer led support has been funded through the East Sussex Commissioning Grants prospectus e.g. volunteer health walks, older peoples active ageing support. A training programme to enable front line staff to raise physical activity with their clients/service users was commissioned and delivered to priority staff groups.

5.25 Advice and support has been provided across the partnership including support to the CCGs to develop commissioning plans for Tier 3 weight management services, and to district and borough authorities to develop an Eat Out Eat Well scheme to offer healthier choices in restaurants, cafés and canteens. Partnership work with Active Sussex, the local County Sports Partnership, is focussing on how volunteer sports clubs can recruit more people from priority communities and support them to participate in sport, and how local businesses can be engaged in health improvement activity.

<u>Substance misuse</u>

5.26 The East Sussex Drug and Alcohol Action Team (DAAT) is the multi-agency partnership that addresses drug and alcohol issues locally. Specialist substance misuse treatment services have been re-commissioned and the provider, Crime Reduction Initiatives (CRI), has been providing the new Support and Treatment for Adults in Recovery (STAR) service from April 2014. Drug and alcohol treatment services commissioned from General Practices and pharmacies have been reviewed and a range of community based treatment and harm reduction services are available across the county. An East Sussex Recovery Alliance has been established which offers a range of recovery support run by and for people with drug and alcohol issues. New peer led recovery services have been commissioned through the East Sussex Commissioning Grants Prospectus. Substance misuse treatment services are commissioned by the Strategic Commissioning Manager in the Adult Social Care Joint Commissioning Team.

5.27 The DAAT Board and the East Sussex Safer Communities Partnership Alcohol Steering Group has worked with a range of stakeholders to produce a five year alcohol strategy (2014-2019) to help make East Sussex healthier and safer. The strategy sets out three priorities for addressing reducing alcohol related harm in East Sussex:
• develop individual and collective knowledge, skills and awareness towards alcohol;
• provide early help interventions and support for people affected by harmful drinking; and
• create better and safer socialising

5.28 Examples of activity against the plan include commissioning Alcohol Information and Brief Advice training for frontline staff. The alcohol steering group has lead on co-ordinating multi-agency work across the county to address the harms of alcohol use. A cross-agency communications plan has been agreed and the health improvement team have been working with individual partners on the alcohol steering group to update their sections and agree a co-ordinated plan for campaigns across the year e.g. the partnership will run specific campaigns on drink driving, targeting students, alcohol related violence and awareness of the health harms of alcohol as part of Dry January.

5.29 The Local Alcohol Action Area partnership in Hastings has developed a plan prioritising reducing alcohol related crime and disorder and reducing alcohol related health harms.

Mental health

5.30 An evidence review of effective approaches to mental health promotion has been carried out and this will inform recommendations for all partners working to promote good mental health. This uses a 'Five Ways to Wellbeing' approach which brings together the evidence based actions and activities that people can take to improve and protect their mental health, these are: Connect, Be Active, Take Notice, Keep Learning and Give.

5.31 Activities to deliver against the plan include: co-ordinated campaigns that reduce the stigma associated with mental health problems; activity to improve the physical health of people with diagnosed mental health problems; support to parents to promote good mental health in children and young people; whole school approaches which promote and develop resilience in young people; skilling up frontline workers to promote good mental health; programmes which support and enable people to get involved in their communities; support and encouragement to employers to promote good mental health in their workplaces.

5.32 The multi-agency East Sussex Suicide Prevention Group and the Beachy Head Risk Management Group co-ordinate activities to address suicide in East Sussex. The prevention groups have prioritised the following activities for 2015/16:
- audit coroner's records and undertake analysis in order to monitor trends and inform work priorities;
- work with GPs and Primary Care services to support referral to specialist voluntary agencies and updating training, educational opportunities on managing suicide risk for practice staff; and
- work with A&E staff to audit management of self-harm and provide tailored training and learning opportunities.

5.33 In addition, a specific project that received time-limited funding to help tackle high suicide rates was developed in 2012/13 which resulted in five interrelated work streams and is ongoing (see 5.46).

Promoting the health of older people

5.34 Work to promote the health of older people is co-ordinated through the Older People's Partnership Board and the Safety Prevention Access Choice and Early Intervention (SPACE) partnership group. The SPACE action plan identifies priority actions to improve the health of older people. These include:
- addressing fuel poverty through co-ordinated efforts to raise awareness of the health impact of cold homes, support people to access the help that's available through the

Winter Home Check Service and training front line workers to identify fuel poverty and refer clients for help;

- supporting older people to lead a healthier lifestyle through targeted support such as Active Ageing groups, Healthy Living Clubs, accessing green and outdoor spaces, targeted health walks, and advice on information on healthy eating;
- ensuring older people drink at safe levels through training front line workers to identify people who are drinking at increasing risk levels, provide brief advice, and refer people on to services;
- supporting and encouragement to older people to remain active and participate in their communities; and
- promote and amplify the national Dementia Friends Campaign

<u>NHS Health Checks</u>

5.35 NHS Heath Checks is a mandated public health service. It aims to help prevent heart disease, stroke, diabetes, kidney disease and certain types of dementia. Everyone between the ages of 40 and 74, who has not already been diagnosed with one of these conditions or have certain risk factors, will be invited (once every five years) to have a check to assess their risk of heart disease, stroke, kidney disease and diabetes and will be given support and advice to help them reduce or manage that risk. East Sussex is on course to achieve its target of 20% of eligible people offered a check each year (to ensure that 100% of the eligible population have been offered a check by 2017/18 in line with national targets) and at least 50% of those offered taking up their check each year.

5.36 Following work to increase coverage across the county all GP practices are now signed up to offer NHS Health Checks to their patients. To improve patient experience and increase uptake of the check most practices now offer the Health Check in a single appointment rather than two visits.

<u>Promoting the health of children and young people</u>

5.37 Following a review of interventions to promote the health of children and young people the programme has been divided into two work streams: School Age and Early Years. The majority of activities in these work streams seek to improve the ability, skills and confidence of organisations, staff and volunteers that are in contact with children and young people to incorporate health promotion into their routine work. A consultation with children and young people with a particular focus on sexual health was commissioned to inform the children's health promotion programme. Specialist public health advice has been provided to a range of partner organisations and within the council to support public health outcomes for children and young people.

5.38 From October 2015, local authorities will take over responsibility from NHS England for commissioning public health services for children aged 0-5 (Healthy Child Programme [HCP]). This includes health visiting and targeted services for teenage mothers - Family Nurse Partnership (FNP).

5.39 The HCP is the national public health programme, based on best knowledge/evidence to achieve good outcomes for all children. The transfer of 0-5 commissioning will join-up with commissioning already undertaken by the council for public health services for children and young people 5-19, (and up to age 25 for young people with Special Educational Needs and Disability [SEND]). This will enable joined up commissioning from 0 to 19 years old, improving continuity for children and their families.

5.40 Services commissioned under the HCP are commissioned by children's services in the council.

Building social capital

5.41 A range of low level health improvement services that develop and use social capital have been commissioned through the East Sussex Commissioning Grants Prospectus. Many projects funded in this way are based on co-production approaches enabling voluntary organisations to benefit from technical support from the specialist health improvement team to refine their health improvement projects. Outcome areas included in the Prospectus are:
- supporting people to lead healthier lifestyles, e.g. Health Walks, Healthy Living Clubs for older people and child accident prevention have been funded;
- developing and embedding ways of working with communities that enable local people to participate in improving their own and their community's health, e.g. Village Agents, Neighbourhood Champions and Healthy Lifestyle Volunteers have been funded; and
- increasing the knowledge, skills and ability of staff and volunteers to raise health improvement issues with their clients or community, e.g. a Behaviour Change training programme and Skilled for Health organisational development for health improvement have been funded.

5.42 The Chances for Change extension projects commissioned in Wealden, Lewes and Rother build on work funded by a national lottery grant we secured for Hastings and Rother. These short term projects are developing and testing ways of working with local communities and supporting them to increase locally led health improvement opportunities, which enable local people to have an active role in their communities to address barriers to good health.

Public health campaigns

5.43 An annual calendar of public health campaigns has been developed and delivered. Campaigns have covered a range of public health priority areas including smoking cessation, alcohol, physical activity and sexual health.

Public health capacity development

5.44 Developing partners' ability to deliver health improvement interventions as part of their routine work is a key role of public health. Health improvement networks across the county enable best practice to be disseminated across organisations.

5.45 Specific training to support partners to deliver health improvement programmes has been commissioned including Alcohol Identification and Brief Advice; smoking cessation; Making Every Contact Count (MECC) for voluntary sector workforce; suicide prevention training; training to promote behaviour change to improve physical activity for front line staff working with people at risk of developing mental health issues; and support to Hastings and Rother CCG to incorporate developing behaviour change skills for front-line health care staff into their action plan to address health inequalities.

Specific public health projects receiving time-limited funding

5.46 Progress against the Public Health Outcomes Framework was reviewed and areas where East Sussex is a significant outlier compared with England were identified. To support

improvement against these indicators, and improve the health of local people, four focussed projects were developed to receive time-limited funding. These projects are outlined below and continue to be progressed:

- Safer Streets: to address the high rates of people killed and seriously injured on roads in East Sussex resource has been set aside to develop a behaviour change approach to speed reduction, implementing 20mph speed limits in appropriate areas of East Sussex. The views of stakeholder organisations have been gathered and these will inform a full proposal and implementation plan for East Sussex for consideration by key partners and stakeholders to agree action for 2015/16 onwards.

- Tobacco Control: to address high rates of smoking and smoking related disease in parts of East Sussex, targeted tobacco control work has been undertaken to reduce access to illegal and illicit tobacco and inform people of the harms associated with it.

- Obesity: additional resource has enabled the development of a triage tool to support people to access the most appropriate health improvement support for their level of need and behavioural/motivational preferences. Support available ranges from self-care information for those who prefer this to supporting access to targeted services such as Health Trainers and Weight Management. Additional support to develop the children's workforce and improve health outcomes for children and young people has also been supported.

- Suicide Prevention: additional resource has enabled East Sussex to work towards reducing the significantly higher suicide rate compared to England. Five interrelated work streams cover infrastructure assessment and developments in the Beachy Head area, training for community organisations and primary care staff; increased non-statutory provision for those affected by suicide, and investigation and provision of more non-statutory support to prevent admissions via hospital Accident and Emergency departments.

Key re-commissioned/commissioned services for delivery from April 2015

Specialist sexual health services

5.47 Access to quality sexual health services improves the health and wellbeing of both individuals and populations. Sexual ill health is not equally distributed within the population. Some groups at higher risk of poor sexual health face stigma and discrimination, which can influence their ability to access services. The Public Health White Paper 'Healthy Lives, Healthy People: Our Strategy for Public Health in England', highlights a commitment to work towards an integrated model of service delivery to allow easy access to confidential, non-judgemental sexual health services.

5.48 From April 2013, Local Authorities have been mandated to commission comprehensive open access sexual health services (including free sexually transmitted infections (STI) testing and treatment, notification of sexual partners of infected persons and free provision of contraception).

5.49 Re-commissioning of specialist sexual health services has been rescheduled to enable integrated sexual health and HIV services to be jointly commissioned with the NHS England Area Team. Services will be tendered in 2015/16 with a provider in place from April 2016. Open access services, in which people can be tested and treated for sexually transmitted infections quickly and confidentially, encourage people to come forward for testing, treatment and partner notification, ensure that infections are diagnosed rapidly and prevent onward infection which is why it is important to monitor access to services. Almost 100% of first

attendances at GUM clinics were offered an appointment within two days and over 97% were seen within two days of contacting the service which validates the use of a 'drop in' model that provides swift access to services.

5.50 Chlamydia is the most prevalent sexually transmitted infection in England. Due to the national drive to work towards a higher diagnosis rate, the local chlamydia screening programme continues to work proactively to increase the number of positive diagnoses made. The more positive diagnoses made and prompt treatment given, the better the long-term health gains will be, both for individuals and the health and social care community. A comprehensive action plan has been written and the actions agreed with service providers to increase the rate of positive tests.

Oral public health

5.51 Since April 2013 local authorities have been responsible for improving the oral health of their communities and commissioning dental public health services, specifically oral health surveys and oral health promotion.

5.52 Oral health is important for general health and wellbeing. Poor oral health can affect someone's ability to eat, speak, smile and socialise normally. In recognition of the importance of oral health the Public Health Outcomes Framework (PHOF) has a key performance measure for dental health, the severity of tooth decay in children aged five years – decayed/missing/filled teeth.

5.53 Alongside other upper tier local authorities in Kent, Surrey and Sussex we are working with Public Health England to support research into alternative ways of collecting information on child oral health.

5.54 We are also undertaking an oral health needs assessment to identify areas of need across the county and within the population across the life course, and identify effective and cost-effective interventions to meet that need. This work will provide comprehensive information for planning and commissioning oral health promotion programmes to promote, improve and maintain the oral health of the local community.

Performance data and targets

Performance Measures **CP** = Council Plan measure **HWS** = Health and Wellbeing Strategy	2013/14 Outturn	2014/15 Target	2014/15 Outturn	2015/16 Target	2016/17 Target	2017/18 Target
Health Trainers % of people completing a health trainer intervention who achieve their primary or secondary goal	New measure	75%	**77%**	85%	85%	85%
Weight Management **%** of adults who successfully complete the programme who achieve 3% to 4.9% weight loss within 12 weeks	New measure	45%	**13% est**	50%	50%	50%
Weight Management **%** of adults who successfully complete the programme who achieve 5% to 10% weight loss within 12 weeks	New measure	30%	**9% est**	30%	30%	30%
Weight Management % of children who successfully complete the programme who achieve their BMI centile target within 12 weeks (maintaining their weight or achieving weight loss)	New measure	ensure a programme is in place for weight management services together with a target of 120 referrals	**21 referrals**	50%	50%	50%
NHS Health Checks (CP) (HWS) % of the eligible population offered an NHS Health Check	17.3%	20%	**26.2%**	20%	20%	20%
NHS Health Checks (HWS) Take up of NHS Health Checks by those eligible	9.9%	9.6%	**47%**	9.6%	10%	10%
Smoking Cessation (CP) Number of persons attending East Sussex NHS Stop Smoking Services who quit smoking four weeks after setting a quit date	2,455	3,028	**3,287**	3% increase on 2014/15 outturn	3% increase on 2015/16 outturn	3% increase on 2016/17 outturn
Smoking Cessation Number of persons from routine and manual groups attending East Sussex NHS Stop Smoking Services who quit smoking four weeks after setting a quit date	522	772	**G**	5% increase on 2014/15 outturn	5% increase on 2015/16 outturn	5% increase on 2016/17 outturn
Smoking Cessation Number of pregnant women attending East Sussex NHS Stop Smoking Services who quit smoking four weeks after setting a quit date	86	150	**G**	5% increase on 2014/15 outturn	5% increase on 2015/16 outturn	5% increase on 2016/17 outturn
Access to Genito-Urinary Medicine (GUM) clinics % of first attendances at a GUM service who were offered an appointment within two days	99.9%	98%	**99.7%**	98%	98%	98%
Access to Genito-Urinary Medicine (GUM) clinics (CP) % of first attendances seen within 2 working days	97.6%	95%	**97.5%**	95%	95%	95%
Chlamydia rates Rate of positive tests for Chlamydia in young people aged 16 to 25 years per 100,000 population	1,828	2,100	**R**	2,200	2,300	2,300

Revenue	2013/14 Budget	2014/15 Budget	2015/16 Budget
	£'000	£'000	£'000
Gross Budget (A)	23,711	24,627	24,067
Government Grants (B)	(23,711)	(24,507)	(24,067)
Fees & Charges (C)	0	0	0
Other Income* (D)	0	(120)	0
Net Budget (A-B-C-D)	0	0	0

* Other income includes contributions from other organisations

Capital Programme £000							
Capital	Description		Total for Scheme	Previous Years	2015/16 Budget	2016/17 Budget	2017/18 Budget
Project name	No projects	Gross					
		Net					
Project name		Gross & Net*					

*Fully funded by ESCC

Budget Summary

Revenue	2013/14 Budget	2014/15 Budget	2015/16 Budget
	£000	£000	£000
Corporate Governance and Support	3,930	3,786	3,844
Economy	1,542	1,568	1,185
Public Health	0	0	0
Management & Support #	1,246	890	1,292

This Management & Support budget is shown in two other portfolios: Community Services and Transport & Environment.

Community Services

Portfolio Plan 2015/16 – 2017/18

June 2015

Contents

Our Priorities and Operating Principles

Our Priorities
The Council has set four priority outcomes:

- ❖ Driving economic growth;
- ❖ Keeping vulnerable people safe;
- ❖ Helping people help themselves; and
- ❖ Making best use of resources.

Operating Principles
The Council has agreed three operating principles:

- ❖ **Strategic commissioning:** using an evidence-based approach to assess and meet the needs of local people in the most effective way. We will specify and deliver appropriate services to secure the best outcomes and value for money for residents.

- ❖ **One Council:** working as a single organisation both through the processes we use, and how we work. We will work in a well connected way across Council teams so we harness all our energy and resources towards achieving our priorities and remove duplication. We will judge our success against outcomes for the whole population and the organisation (and whole local public sector) not against the interests of a particular group, team or department.

- ❖ **Strong partnerships:** recognising we are one part of a wider system, we will work effectively with partners across East Sussex, the South East 7 and South East Local Enterprise Partnership and the wider public sector as appropriate to ensure we learn from others, secure best value for money and maximise impact for our residents.

Portfolio Policy

Policy Overview by Lead Member

1.1   The Community Services Portfolio Plan covers a range of services central to many communities within East Sussex, such as libraries, registration offices, culture and the voluntary and community sector. These services enrich and empower local communities and make a significant contribution to the quality of life in the county. These services are often located at the heart of the local communities, making them well placed to engage with local communities and understand their needs and aspirations.

1.2   There are a number of challenges currently facing community services; significant financial pressure is affecting the whole of the public sector. 2015/16 is the third and final year of our Medium Term Financial Plan (MTFP), and outlines the savings the Council needs to make in 2015/16. In the next MTFP period (2016/17 – 2018/19), our current assumption is that we will need to make a saving in the range of £70m – £90m across all services. It is therefore important that we work with local communities, the voluntary and community sector and other partners to make the most of our resources and community assets in a way that is financially sustainable and encourages local communities to help themselves as much as possible.

1.3   We must always be alert to the characteristics and features of East Sussex that can sometimes present a challenge to delivering our services. The rural nature in many parts of the county can make it difficult to access our services in person, but there are opportunities arising from the rollout of superfast broadband to reach more people in a cost effective, convenient manner. East Sussex has an ageing and increasingly diverse population that we must take into account when commissioning services to ensure that we meet the needs of our residents. For example, internet training offered through our Library and Information Service is an important way of making online services accessible to groups such as older people. Consultation and engagement to understand local communities is fundamental to how we overcome these challenges.

1.4   The services in this portfolio plan are highly valued by the residents of East Sussex and many users feel passionately about them. Although change is inevitable, it does give us an opportunity to make positive changes to these services and maximise their contribution to delivering the Council's four priority outcomes.

Councillor Chris Dowling

Lead Member for Community Services

Delivering the Priority Outcomes

2.1   The services in the Community Services Portfolio play a major role in delivering the priority outcomes. This section summarises how actions in this portfolio plan will achieve these outcomes.

2.2   The voluntary and community sector has a key role to play in helping communities help themselves by mobilising volunteers and benefactors to tackle local issues and improve the quality of life in the area. Our support for voluntary and community organisations helps them to deliver more for the community and to become more resilient and financially sustainable.

2.3   At this time of diminishing resources, we have to make careful decisions about where we invest to make the biggest impact on local communities and also provide value for money. The capital investment made to modernise library and registration office buildings not only helps to reduce running costs, but in the case of registration offices, will help to attract weddings and civil partnership ceremonies to the county and generate an important source of income for the Council. This also benefits local businesses, particularly those in the hospitality sector.

2.4   Economic growth is supported through the contribution Community Services make to promoting learning and skills for employment. Our libraries make a substantial contribution to learning and offer a wide range of online training courses and activities for all ages. More and more of our services are launching online, which is not only more cost effective, but is often more convenient for our service users. The Keep, our state of the art archives facility, is at the heart of our efforts to promote research into local history. Our programme of educational activities at The Keep is a great way to learn skills that are transferable into employment. Promoting skills helps communities to become more self-sufficient and confident at finding out information, accessing services online and managing their personal finances and other affairs.

2.5   East Sussex enjoys a rich and varied heritage and local culture that provides employment for a significant number of people and attracts many visitors. Our aim is to expand and promote cultural tourism, raise the profile of East Sussex and attract more visitors and businesses to the county.

Community Services

Forward Plan

Developing our Libraries as Community hubs

3.1   We continue to make better use of our library buildings by developing them as community hubs. In collaboration with other public services, we are increasing the range of services offered at our libraries and, where appropriate, providing a range of complementary services in one location. The benefits are that residents enjoy a single point of access and we make better use of our property estate. Construction work costing £1.7m on a new library in Newhaven was completed and the library opened in March 2015 on its new, modern, and larger site. It has improved facilities and space to hold a wider range of community events and activities for everyone, and will help to regenerate the town centre.

3.2   In Hastings, the existing library in the Brassey Institute will be improved. We have bought 12 Claremont, the building next door, and the Hastings Registration Office will move from its current out-of-centre site, to be co-located with the refurbished library. This will provide modern facilities for local residents to register births and deaths, as well as new, fully equipped ceremony rooms for marriages civil partnerships, citizenship ceremonies, baby naming, and renewal of vows ceremonies. The redevelopment also brings together the separate Children's Library and Adult Library on the same site to create a flexible, modern library in the heart of the town. The project costs £9.9m and is due to be completed in 2016/17.

3.3   The Library and Information Service and Children's Centres are working together to relocate some services for children and families from Children's Centres (Polegate and Hampden Park) to nearby library premises. This follows de-designation of five Children's Centres to enable their use for the provision of additional nursery places for two year olds. Provision of services in libraries by Children's Centre staff will ensure a continuation of services in these areas and complement those offered by the Library and Information Service for children. This new, integrated service partnership began in December 2014 at Polegate Library.

3.4   Libraries provide formal and informal access to learning. We will continue to develop learning opportunities for residents, particularly to help them learn skills for employment and become more confident at accessing online services and resources. We will continue to grow our pool of volunteers who perform a variety of roles including Home Library Service delivery, local studies cataloguing and computer buddying to help others go online. We will continue to successfully deliver online courses from UK Online and Learndirect, enabling residents to gain valuable qualifications. We have also employed two apprentices.

3.5   Welfare Reform and the introduction of Universal Credit will mean changes to the benefits received by some of our residents. In 2015/16, we are training all 270 library staff to help people with these changes. We will provide online access to claim forms and online services as well as offering courses in budgeting and money management. We will help people get back to work by offering approximately 270 courses in employability, literacy, numeracy and ICT through the Learndirect scheme. We will make sure that vulnerable families are aware of the help we can provide such as, information, access to computers and the internet, and free activities for children.

The Universal Offers for Library Services

3.6   The Society of Chief Librarians established in 2013 four 'universal offers' that all libraries should be expected to provide. The four 'universal offers' are health, reading, digital and information. The aim of each of the offers is to develop a core package of partnerships, resources and advocacy messages at a national level which can then be delivered locally and shaped to meet differing local needs. We are in the process of delivering on these offers.

3.7   The digital offer is crucial to supporting delivery of the other offers because of the role the internet plays enabling access to information and learning resources online. We will continue to promote internet access and online information to increase the number of sessions on library computers and will deliver a countywide staff training programme focusing on helping customer's access digital information as well as health and reading. This is due to be completed in 2015/16. We're aiming to deliver this in-house so that there are no significant financial implications. This training will give staff the skills to promote use of online services, such as Universal Jobmatch, an online service offered through Government Gateway, which is designed to help match employers with job seekers.

Developing a Strategic Commissioning Strategy for our Library Service

3.8   In 2015/16 we will begin work on a Strategic Commissioning Strategy for libraries. The County Council has identified Strategic Commissioning as the approach which we will use to plan the services we provide. It's about securing the best outcomes for East Sussex residents, by understanding need, matching supply with need and making the most effective use of all available resources. This approach will focus on the four agreed priority outcomes to guide spending decisions and use of resources listed on page 2 of this Portfolio Plan. It will also follow our One Council ethos, to ensure that we are commissioning and delivering services as effectively as possible, without duplication of effort or making changes in one service area which have an adverse effect on services in another.

3.9   Ceremonies will return to Southover Grange, the splendid Grade II* listed 16th century manor house in Lewes, after we took over ownership of the entire building. This follows an exchange with Lewes District Council for The Maltings, the historic home of the East Sussex Record Office, which has now moved to The Keep. We previously leased part of the first floor of Southover Grange, but have been unable to provide ceremonies there for over a year due to the layout and facilities of the building that restricted access for people with limited mobility. We will embark on an £1.2m programme of refurbishment in 2015/16 that will see a suite of new ceremony rooms on the ground floor and make the first floor interview rooms accessible for all with a lift.

3.10 Hastings Registration Office will move in 2016/17 to be co-located with the modernised Hastings Library building in the town centre. The new registration office will offer modern facilities for local residents to register births and deaths and two new, fully-equipped ceremony rooms. Like Southover Grange, the new venue is in a prime location that will prove popular with local residents and people from outside the county.

3.11 We also provide a non-statutory nationality checking service and a settlement checking service, to assist applicants who are applying for either British Citizenship or indefinite leave to remain in the UK. For a modest fee, we can check their applications and supporting documentation to ensure it has a good chance of success before sending it off to the Home Office. This also enables them to retain their original documentation as we copy and certify it for them before sending it off. In 2013/14, 936 people used this service. Once they have been

granted British Citizenship, they are then required to partake in a Citizenship Ceremony which is a statutory provision we provide and we receive payment from the Home Office for each applicant. We can alternatively offer them a Private Citizenship Ceremony for an additional fee.

Promoting our Culture

3.12 East Sussex has a distinctive character and is well known for its excellent, innovative and varied cultural offer. Our aims and approach to promoting our culture and heritage is set out in the East Sussex Cultural Strategy. The strategy is monitored and supported by the East Sussex Cultural Advisory Board, which has representatives from Council, the East Sussex Cultural Leaders Network, Borough and District Councils, Team East Sussex, South Downs National Park and Arts Council England. The three priorities of the strategy are to:

- create an environment where great cultural experiences are available to everyone to enhance their quality of life;
- create an environment which enables the cultural and creative economy to expand and enhances our ability to attract and retain other businesses; and
- develop and promote well packaged cultural tourism offers which celebrate the identity of East Sussex, raise its profile and attract more visitors and businesses to the County.

3.13 Delivery plans (all subject to securing finance) to deliver these priorities include:

- 'Open Sesame' to develop skills with those working in Early Years settings to deliver cultural education. We have secured £75,000 of Arts Council England funding for 2015/16 – 2016/17 to deliver this is in partnership with Children's Services, Culture Shift, Glyndebourne, Towner and Brighton University.

- 'Open Ended' which is targeted at people living with memory problems, in partnership with Towner and Age Concern.

- Cultural Destinations Consortium is bidding for the development of the Coastal Cultural Trail and the introduction of the Artists in the Sussex Downs Trail. We are applying to Arts Council England with the aim of funding being in place by October 2015.

- Employer led skills programme in partnership with the South East Local Enterprise Partnership wide cultural subgroup and local partners.

Archives

3.14 The Keep provides a state of the art archive facility to the residents of East Sussex and beyond. Its electronic archive catalogue, with a full online search facility, gives people remote access to information on the wealth of material in the collections. We are looking at the most effective ways of making images available online in future. We are continuing to deliver an excellent educational programme; the growing collections provide an opportunity for learning and engagement. From school visits to community events, we lead and participate in projects that bring communities closer to their historical archives. Our aim is to preserve our unique collections, to make them accessible to all and to promote archives as a source of enjoyment, knowledge and inspiration.

3.15 The First World War website (www.eastsussexww1.org.uk), created to commemorate the centenary of the First World War and the role played by East Sussex, has now been

visited by over 9,500 people since it was launched in August 2014 to end of March 2015; they viewed the site a total of 45,000 times in this period. Members of the public, schools and interest groups are encouraged to submit their own stories and memories and post details of related events: to date, there have been over 100 stories and events submitted to the website. All website content will be archived within The Keep's digital catalogue at the end of the centenary activities as a permanent legacy. A project entitled 'Recording Remembrance,' a joint collaboration with Brighton & Hove City Council and West Sussex County Council, invites people to research war memorials in Sussex and over forty records within East Sussex have now been completed. We are due to lay two memorial paving stones in July and August 2015 to commemorate local men who were awarded the Victoria Cross during the First World War. A further two are to be laid in 2016 and 2018. The ceremonies to unveil the paving stones are being planning in partnership with Borough, District, Parish and Town Councils.

Voluntary and Community Sector

3.16 The voluntary and community sector makes a significant contribution to the quality of life in East Sussex by providing services, support and facilities that are not provided by public bodies or the private sector. We recognise and value the contribution that the sector makes to the county. The 2011 study 'Valuing the Voluntary Sector' identified that the sector contributed £476m to the local economy and employs more than 10,000 people across the county. Looking forward, our priority is to support voluntary and community sector organisations to build greater capacity, capability and resilience in the sector.

3.17 We will continue to invest in development and support services that enable organisations to play an active role and help us deliver our priority outcomes. The Commissioning Grants Prospectus for 2015 is being developed and will set out the grants that will be made available by Council departments and the NHS for organisations who provide services that strengthen communities. We provide support in the form of information, skills, knowledge and assets which can be crucial in helping voluntary and community sector organisations to access funding from different sources, make the best use of their resources, influence policy and mobilise their volunteers and benefactors. We support efforts by the sector to improve how they operate and are structured to promote good governance, community involvement and become more self-sufficient.

3.18 Our investment will generate the following outcomes:

- a comprehensive generic infrastructure service that works in partnership with local voluntary and community organisations and delivers services to meet their needs, on a cost effective basis;
- a minimum standard of generic infrastructure service available to all voluntary and community organisations throughout East Sussex and inclusive of all protected characteristics; and
- better alignment between generic infrastructure delivery organisations and the public sector.

External Funding

3.19 Our External Funding Team play an important role in helping voluntary and community organisations identify and apply for funding from a wide range of external sources. This includes grants, loans, crowd funding and sponsorship. We understand that sometimes the rules and requirements for funding applications can be confusing, so we will work with the

sector to quality check their draft applications, provide training on bid writing and spread best practice. In 2014/15 we helped 187 organisations and voluntary groups gain funding expertise and successfully bid for funding worth just under £900,000.

3.20 Local government funding is under considerable pressure and we are seeking new and diverse ways of funding services that matter most too local residents. One way to do this is to increase the amount of income that we get from external sources, particularly European funding. The new Corporate Funding Strategy has resulted in more staff being aware of the support and funding opportunities available. We plan to deliver more training and offer more targeted support to maximise the take up of funding opportunities.

Customer Focus

3.21 Customer focus is an important transformational programme for the Council. It is about embedding a consistent approach to interacting with customers across all of our services. New technology, particularly online services and information management, have the potential to offer our customers a better and more convenient way of using our services. There is particular emphasis on developing intelligent insight into the needs of our customers and understanding how they use different ways of contacting us, such as face to face, telephone, letters, email, our website and social media. Our approach to customer focus is still being developed, but will cover the following themes:

▪ developing a single, holistic view of the customer across different services;
▪ promoting a consistent 'One Council' approach; and
▪ use of feedback to improve services.

3.22 In 2013/14 we received 1,482 requests for information made under the Data Protection, Environmental Information Regulation (EIR) and Freedom of Information (FOI) Acts. This represents a six fold increase between 2006/07 and 2013/14. To manage this demand, we will proactively publish our FOI and EIR responses on our website so the public can see information that we have previously released. We already publish information on our website about senior staff salaries, contracts, financial transactions and parking and will be releasing further information to fully comply with the Government's revised Transparency Code. This sends out a key message that we are transparent and accountable to the public.

3.23 The number of formal complaints made in 2014/15 (1,059) declined by 9% compared with the previous year (1,123). We are focusing on identifying themes of complaints to understand and tackle the underlying reasons for people's complaints, so that we can get it right, first time. Our aim, as part of our approach to customer focus, is to reduce the number of complaints being made by dealing with the problem at source. We have also taken steps to simplify the complaints process to refer complainants to the Local Government Ombudsmen much earlier. This results in a quicker outcome for the complainant and makes best use of resources.

Performance data and targets

Performance Measures CP = Council Plan	2013/14 Outturn	2014/15 Target	2014/15 Outturn	2015/16 Target	2016/17 Target	2017/18 Target
Number of services with a new online payment facility	Introduction of online payment facilities delayed to 2014/15	4 new online payment services	**Live payments halted because of issues with VAT aspect of some payments**	6 new online payment services	To be developed following business case appraisals	tbc
Deliver Cultural Destinations Action Plan as resources are secured **CP**	Engagement events held with the sector to plan actions for 2014/15	March 2015	**Action Plan agreed**	Secure investment to deliver action plan	Continue to grow Coastal and Cultural trail and develop new trail (if funding secured)	Deliver Coastal Cultural Trail and new trail (if funding secured)
Agree Employer led skills development programme for SELEP Cultural Sub Group *[tbc depending on availability of funding]*	n/a	n/a	**New measure**	Agree action plan	Secure investment to deliver action plan	Deliver action plan
The number of Weddings and Civil Partnerships where one or both are residents of East Sussex	1341	Increase on 2013/14	**1540 weddings /CPs**	Sustain level at 2014/15	To be set pending 2015/16 outturn	To be set pending 2016/17 outturn
The number of Weddings and Civil Partnerships where neither are residents of East Sussex	781	Increase on 2013/14	**815 weddings /CPs**	Sustain level at 2014/15	To be set pending 2015/16 outturn	To be set pending 2016/17 outturn
Modernise and refurbish Southover Grange for Registration services	n/a	n/a	**New measure**	Commence construction/refurbishment	Refurbishment and modernisation works completed	No target set after 2016/17
Publish responses to Freedom of Information (FOI) requests on our website	New measure	FOI published to website	**Responses should be available online from the summer of 2015**	Publish FOI responses on website	No target set after 2015/16	No target set after 2015/16
Freedom of Information (FOI) responses provided within timescales	New measure	≥ 95%	**96%**	≥ 96%	≥ 98%	100%
Modernise Hastings Library and move the Register Office to a new town centre location	n/a	n/a	**New measure**	Commence construction /refurbishment	Refurbishment and modernisation works completed	No target set after 2016/17
Develop and implement a Strategic Commissioning Strategy for the Libraries Service	n/a	n/a	**New measure**	Undertake needs assessment	Produce Strategic Commission-ing Strategy	Consult on Strategic Commission-ing Strategy, amend as required
In partnership with Learndirect and other funding organisations provide online learning (including skills for life and ICT courses) in libraries **CP** (subject to contract)	617 courses completed	450 courses completed	**431 courses completed**	270 courses completed	To be set 2015/16	To be set 2016/17
Online access to government websites including Universal Jobmatch and NHS Choices	New measure	Establish baseline	**713,821 hits**	725,000 hits	750,000 hits	775,000 hits
Number of sessions on library computers (the People's Network)	325,895	325,000 sessions	**327,450 sessions**	327,000 sessions	330,000 sessions	332,500 sessions
Number of customer orders for original material at The Keep	New measure	Establish baseline (anticipate 10,000 orders)	**13,424 orders**	Minimum 14,000 orders	Minimum 14,000 orders	Minimum 14,000 orders

Performance Measures CP = Council Plan	2013/14 Outturn	2014/15 Target	2014/15 Outturn	2015/16 Target	2016/17 Target	2017/18 Target
Number of onsite service users at The Keep	New measure	Establish baseline (anticipate 10,000 orders)	**8,012 users**	>8,500 users	>8,500 users	>8,500 users
Number of visits to The Keep website	New measure	Establish baseline (anticipate 60,000 user visits, 750,000 pageview)	**79,666 user visits; 568,324 page views**	80,000 users visits; 580,000 pageviews	80,000 users visits; 700,000 pageviews	80,000 users visits; 700,000 pageviews
Attendance at activities which enable education, research and lifelong learning, both at The Keep and off site	New measure	Establish baseline (anticipate at least 3,000 people)	**3,277**	Attendance of at least 3,000	Attendance of at least 3,000	Attendance of at least 3,000

Revenue	2013/14 Budget	2014/15 Budget	2015/16 Budget
	£000	**£000**	**£000**
Gross Budget (A)	11,517	11,203	12,311
Government Grants (B)	(296)	(300)	(295)
Fees and Charges (C)	(2,228)	(2,257)	(2,296)
Other Income* (D)	(651)	(662)	(1,669)
Net Budget (A-B-C-D)	8,342	7,984	8,051

* Other income in all years includes contributions from other organisations

Capital Programme £000							
Capital	**Description**		**Total for Scheme**	**Previous Years**	**2015/16 Budget**	**2016/17 Budget**	**2017/18 Budget**
New Archive and Record Office - "The Keep" - Phase 1 & 2	Build New Archive Building	**Gross**	20,636	19,906	730	0	0
		Net	13,536	13,025	511	0	0
Rye Library	Refurbishment of Rye Library	**Gross & Net***	52	21	31	0	0
Hastings Library	Expansion and refurbishment of Hastings Library	**Gross & Net***	9,916	1,793	8,123	0	0
Newhaven Library	New Library in Newhaven	**Gross & Net***	1,754	1,597	157	0	0
Southover Grange	Refurbishment of Southover Grange for Registration Service	**Gross & Net***	1,200	54	1,146	0	0
Library Refurbishment	General refurbishment of libraries	**Gross & Net***	1,983	1,565	418	0	0

*Fully funded by ESCC

Budget Summary

Revenue	2013/14 Budget	2014/15 Budget	2015/16 Budget
	£000	£000	£000
Community Services	8,342	7,984	8,051
Management & Support #	1,246	890	1,292

This Management & Support budget is shown in two other portfolios: SMED and Transport and Environment

Report to:	**Audit, Best Value and Community Services Scrutiny Committee**
Date:	**15 September 2015**
By:	**Chief Operating Officer**
Title of report:	**Treasury Management – Stewardship Report 2014/15**
Purpose of report:	**To present a review of the County Council's performance on treasury management for the year 2014/15 and Mid Year review for 2015/16.**

RECOMMENDATION: The ABVCSSC is recommended to note the Treasury Management performance in 2014/15 incorporating the Mid Year review for the first half of 2015/16

1. Introduction

1.1 The annual stewardship report reviews the Council's treasury management performance and Mid Year report is required by the Code of Practice for Treasury Management.

2. Supporting Information

2.1 The County Council's treasury management activities are regulated by a variety of professional codes and statutes and guidance. The County Council has adopted the CIPFA Code of Practice for Treasury Management in the Public Sector and operates treasury management service in compliance with this Code. These require that the prime objective of the treasury management activity is the effective management of risk, and that its borrowing activities are undertaken in a prudent, affordable and sustainable basis and treasury management practices demonstrate a low risk approach. The Code requires the regular reporting of treasury management activities to:

- Forecast the likely activity for the forthcoming year (in the Annual Treasury Strategy Report);
- Review actual activity for the preceding year (this Stewardship report); and
- A mid year review.

2.2 This report sets out:
- A summary of the original strategy agreed for 2014/15 and the economic factors affecting this strategy (Appendix A).
- The treasury management activity during the year (Appendix B);
- The treasury management Mid Year activity for 2015/16 (Appendix C);
- The Prudential Indicators, which relate to the Treasury function and compliance with limits (Appendix D).

3. The economic conditions compared to our Strategy for 2014/15

3.1 The strategy and the economic conditions prevailing in 2014/15 are set out in Appendix A which is attached to this report. 2014/15 continued the challenging environment of the previous years, with concerns over the states of the UK economy and of European countries. The main implications have been continuing counterparty risk and low investment returns.

4. The Treasury activity during the year on short term investments and borrowing

The Treasury Management Strategy

4.1 The strategy for 2014/15, agreed in January 2014, continued the prudent approach and ensured that all investments were only to the highest quality rated banks and only up to a period of two years. A more prudent approach was adopted throughout 2014/15 because of the uncertainties in the market and the emphasis was to be able to pre-empt/react quickly if market conditions worsen.

<u>Short term lending</u>

4.2   The total amount received in short term interest for 2014/15 was £2.20m at an average rate of 0.62%. This was above the average base rates in the same period (0.50%) and against a backdrop of ensuring, so far as possible in the current financial climate, the security of principal and the minimisation of risk. This Council has continued to follow a prudent approach with security and liquidity as the main criteria before yield.

<u>Short term borrowing</u>

4.3   No borrowing was undertaken on a short-term basis during 2014/15 to cover temporary overdraft situations.

<u>Long term borrowing</u>

4.4   Details of our long term borrowing are included in Appendix B of the report. The important points are:

- No new borrowing was undertaking during 2014/15. It was agreed to use "internal borrowing" to finance new capital investment
- The average interest rate of all debt at 31 March 2015 (£259m) was 5.20%.
- Although a proactive approach has been taken to repayment and restructuring of debt, no cost effective opportunities arose during the year.

5.   Treasury Management Mid Year Review 2015/16
5.1   The Treasury Management and Annual Investment Strategy for 2015/16 were approved by the Cabinet on 27 January 2015; the average rate of return for investments to August 2015 was 0.67%.

6.   Local Capital Finance Company Limited
6.1   The Local Government Association (LGA) has created a Local Capital Finance Company Limited (previously know as Municipal Bonds Agency) which it believes will allow councils to raise funds at significantly lower rates than those offered by the PWLB.   The Cabinet at its 29 June 2015 meeting recommend the County Council agree the amendments to the Treasury Management Strategy to facilitate investment in a wholly local government owned company.

7.   Lender Option Borrower Option (LOBO) Loans
7.1   The Council has £35.9m of LOBO loans where the lender has the option to propose a change to the interest rate at set dates, following which the Council has the option to either accept a new rate or to repay the loan at no additional cost. In the current interest rate climate it is unlikely that lenders will exercise their options, and the Council will take the option to repay any LOBO loan at no cost if it has the opportunity to do so.   A summary of findings as a result of the review undertaken by Officers in conjunction with the Council's Treasury Advisors (Capita) are set out in Appendix C

8.   Prudential Indicators which relate to the Treasury function and compliance with limits
8.1   The County Council is required by the CIPFA Prudential Code to report the actual prudential indicators after the end of each year.   There are eight indicators which relate to treasury management and they are set out in Appendix D.

9.   Conclusion and reason for recommendation
9.1   This report updates the ABVCSSC and fulfils the requirement to submit an annual/half yearly report in the form prescribed in the Treasury Management Code of Practice. Short term lending throughout the year saw returns increase steadily from 0.57% to 0.66%. This reflects the objective to ensure so far as possible in the financial climate, a prudent approach with security and liquidity as the main criteria before yield. Exposure to future risk continues to be minimised through proactive and constant review of the treasury management policy. The emphasis must continue to be able to pre-empt/react quickly if market conditions worsen.

KEVIN FOSTER

Chief Operating Officer

Contact Officer:　　　　Ola Owolabi Tel No. 01273 482017

<u>BACKGROUND DOCUMENTS</u>

Cabinet　　　　　　　　　28 January 2014 Treasury Management Strategy for 2014/15

27 January 2015 Treasury Management Strategy for 2015/16

CIPFA Prudential Code and Treasury Management in the Public Services- Code of practice

Local Government Act 2003 Local Government Investments guidance

A summary of the strategy agreed for 2014/15 and the economic factors affecting this strategy

1. Background information

1.1 Cabinet receive an annual Treasury Management Strategy report in January 2014, which sets out the proposed strategy for the year ahead. This strategy includes the limits and criteria for organisations to be used for the investment of cash surpluses and has to be approved by the County Council.

1.2 This Council has always adopted a prudent approach to its investment strategy and in the last few years, there have been regular changes to the list of the approved organisations used for investment of short term surpluses. This list is regularly reviewed to ensure that the Council is able to invest in the best available rates consistent with low risk; the organisations are regularly monitored to ensure that their financial strength and low risk has been maintained.

1.3 When the original strategy for 2014/15 was drawn up in January 2014, the money markets were still concerned about global credit events. In this climate ensuring the security of investments continues to be difficult and caution has to be taken on where surplus funds can be invested.

1.4 At the same time, the Treasury Management Policy Statement was agreed as unchanged for 2014/15.

East Sussex County Council defined its treasury management activities as:

"The management of the organisation's cash flows, its banking, money market and capital market transactions (other than those of the Pension Fund) the effective management of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

The County Council regards the successful identification, monitoring and management 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 organisation.

This authority 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 best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

2. Long term borrowing

2.1 County Council's past strategy was to borrow to support the Capital Programme and lend out other cash (rather than using internal borrowing). Historically this meant that the interest rate earned on cash balances was higher than the interest rate paid on loans from the Public Works Loans Board (PWLB). In the current financial climate, this interest rate differential has been removed. No new PWLB borrowing has taken place since January 2008. The average rate of all debt at 31 March 2015 of £259m is 5.20% (2013/14 of £262.9m is 5.20%). No new loans have been taken and no beneficial rescheduling of debt has been available

2.2 Our opportunity to restructure our debt has been significantly reduced since October 2010 as a result of the PWLB increasing all of its lending rates by 1% as part of the Government's Comprehensive Spending Review. However, it did not increase the rate of interest used for repaying debt so that not only the cost of our future borrowing has increased but our opportunity to restructure our debt when market conditions allow has been significantly reduced.

2.3 The Council will not borrow purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward 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.

3.   Investment

3.1   When the strategy was agreed in January 2014, it emphasised the continued importance of taking account of the current and predicted future state of the financial sector. The Treasury Management advisors (Capita Asset Services) commented on short term interest rates, the UK economy, inflation, the outlook for long term interest rates and these factors were taken into account when setting the strategy.

3.2   Officers regularly review the investment portfolio, counterparty risk and construction, and use market data, information on government support for banks and the credit ratings of that government support. Latest market information is arrived at by reading the financial press and through city contacts as well as access to the key brokers involved in the London money markets.

3.3   This Council in addition to other tools uses the creditworthiness service provided by Capita Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are 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; and
- sovereign ratings to select counterparties from only the most creditworthy countries.

3.4   The strategy going forward was to continue with the policy of ensuring minimum risk but was also intended to deliver secure investment income of at least bank rate on the County Councils cash balances.

3.5   As was clear from the events globally and nationally since 2008, it is impossible in practical terms to eliminate all credit risk.

3.6   The strategy aimed to ensure that in the economic climate it was essential that a prudent approach was maintained. This would be achieved through investing with selected banks and funds which met the Council's rating criteria. The emphasis would continue on security (protection of the capital sum invested) and liquidity (keeping money readily available for expenditure when needed) rather than yield.

3.7   It was recognised that movements within the money markets can happen with no notice and the Chief Finance Officer would have to amend this strategy in order to safeguard Council funds. As in the past any such actions would be reported to the next Cabinet meeting.

3.8   No new external borrowing was undertaken in 2014/15.

3.9   Opportunities for cost effective repayment of existing debt and restructuring opportunities would be constantly monitored and would have been taken if and when they emerged.

3.10   The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Capita Asset Services al Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, and then return.
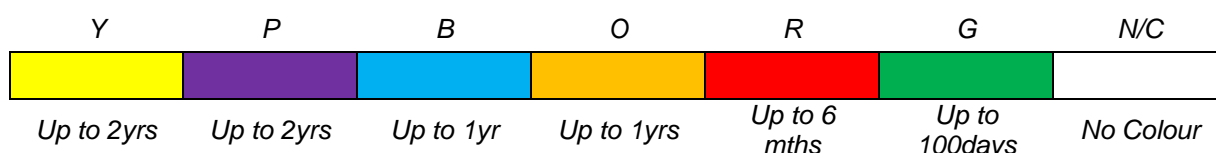
3.11   Investment instruments identified for use in the financial year are listed in section 4.2 and 4.4 under the 'Specified and Non-Specified' Investments categories. Counterparty limits will be as set through the Council's Treasury Management Practices – Schedules.

3.12   The Councils balances were to be invested in line with the following specific methodology:-

The modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative credit worthiness of counterparties. These colour codes are used by the Authority to determine the duration for investments. The strategy provides scope to invest in AAA rated foreign banks.

However the Authority proposes to only use counterparties (Appendix 6) within the following durational bands that are domiciled in the UK.

- Yellow 2 years
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- 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 2yrs	*Up to 2yrs*	*Up to 1yr*	*Up to 1yrs*	*Up to 6 mths*	*Up to 100days*	*No Colour*

The Capita Asset Services credit worthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue influence to just one agency's ratings.

Typically the minimum credit ratings criteria the Authority use, will be a short term rating (Fitch or equivalents) of short term rating F1, long term rating A-, viability rating of A-, and a support rating of 1. 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.

All credit ratings will be monitored daily. The Authority is alerted to changes to ratings of all three agencies through its use of the Capita Asset Services credit worthiness service.

- if a downgrade results in the counterparty or investment scheme no longer meeting the Authority's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Authority will be advised of information in 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 Authority's lending list.

The Capita Asset Services methodology was revised in October 2014 and determines the maximum investment duration under the credit rating criteria. Key features of Capita Asset Services credit rating policy are:

- a mathematical based scoring system is used taking ratings from all three credit rating agencies;
- negative and positive watches and outlooks used by the credit rating agencies form part of the input to determine a counterparty's time band (i.e. 3, 6, 9, 12 months etc.).
- CDS spreads are used in Capita Asset Services creditworthiness service as it is accepted that credit rating agencies lag market events and thus do not provide investors with the most instantaneous and "up to date" picture of the credit quality of a particular institution. CDS spreads provide perceived market sentiment regarding the credit quality of an institution.
- After a score is generated from the inputs a maximum time limit (duration) is assigned and this is known as the Capita Asset Services colour which is associated with a maximum suggested time boundary.

3.13   All of the investments were classified as Specified and non-Specified Investments. These investments were sterling investments for up to two years maturity with institutions deemed to be high credit quality or with the UK Government (Debt Management Account Deposit Facility). These were considered low risk assets where the possibility of loss of principal or investment income was small.

3.14   Investment instruments identified for use in the financial year under the 'Non-Specified and Specified' Investments categories. The County Council funds would be invested as follows:-

4.   Specified Investments

4.1   An investment is a specified investment if all of the following apply:

- the investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling;
- the investment is not a long term investment (i.e. up to 1 year);
- the making of the investment is not defined as capital expenditure by virtue of regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 3146 as amended];
- the investment is made with a body or in an investment scheme of high credit quality (see below) or with one of the following public-sector bodies:
    o   The United Kingdom Government;
    o   A local authority in England or Wales (as defined under section 23 of the 2003 Act) or a similar body in Scotland or Northern Ireland; and
    o   High credit quality is defined as a minimum credit rating as outlined in section 4.2 of this strategy.

4.2   The use of Specified Investments

   Investment instruments identified for use in the financial year are as follows:

- The Table below set out the types of investments that fall into each category, counterparties available to the Council, and the limits placed on each of these. A detailed list of each investment type is available in the Treasury Management Practices guidance notes;
- all investments will be within the UK or AAA sovereign rated countries.
- The Council's investment in Lloyds Banking Group were based on the fact that this group is part-nationalised by UK Government, and any changes to their credit ratings will impact on the duration of the Council investment with the Group.

Criteria for specified Investments:

Counterparty	Country/Domicile	Instrument	Maximum investments	Max. maturity period
Debt Management and Depost Facilities (DMADF)	UK	Term Deposits	unlimited	12 months
Government Treasury blls	UK	Term Deposits	unlimited	12 months
Local Authorities	UK	Term Deposits	unlimited	12 months
RBS/NatWest Group • Royal Bank of Scotland • NatWest	UK	Term Deposits (including callable deposits), Certificate of Deposits	£60m	1 yr
Lloyds Banking Group • Lloyds Bank • Bank of Scotland	UK		£60m	1 yr

Barclays	UK		£60m	1 yr
Santander UK	UK		£60m	1 yr
HSBC	UK		£60m	1 yr
Individual Money Market Funds	UK/Ireland/ domiciled	AAA rated Money Market Funds	£60m	Liquidity/instant access
Counterparties in select countries (non-UK) with a Sovereign Rating of at least AAA				
Australia & New Zealand Banking Group	Australia	Term Deposits/Call Accounts	£60m	1 yr
Commonwealth Bank of Australia	Australia	Term Deposits/Call Accounts	£60m	1 yr
National Australia Bank	Australia	Term Deposits/Call Accounts	£60m	1 yr
Westpac Banking Corporation	Australia	Term Deposits/Call Accounts	£60m	1 yr
Royal Bank of Canada	Canada	Term Deposits/Call Accounts	£60m	1 yr
Toronto Dominion	Canada	Term Deposits/Call Accounts	£60m	1 yr
Nordea Bank Finland	Finland	Term Deposits/Call Accounts	£60m	1 yr
Cooperatieve Centrale Raiffeisen Boerenlleenbank BA	Netherlands	Term Deposits/Call Accounts	£60m	1 yr
Development Bank of Singapore	Singapore	Term Deposits/Call Accounts	£60m	1 yr
Oversea Chinese Banking Corp	Singapore	Term Deposits/Call Accounts	£60m	1 yr
United Overseas Bank	Singapore	Term Deposits/Call Accounts	£60m	1 yr
Svenska Handelsbanken	Sweden	Term Deposits/Call Accounts	£60m	1 yr
Nordea Bank AB	Sweden	Term Deposits/Call Accounts	£60m	1 yr

4.3   All Money Market Funds used are monitored and chosen by the size of fund, rating agency recommendation, exposure to other Countries (Sovereign debt), weighted average maturity and weighted average life of fund investment and counterparty quality.

Non Specified Investments

4.4   Non-Specified investments are any other type of investment (i.e. not defined as specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out in the table below.   Non specified investments would include any sterling investments.

Non-Specified Investment	Minimum credit criteria	Maximum investments	Max. maturity period
UK Local Authorities	Government Backed	£60m	2 years

4.5   The council had no exposure in Non-Specified investments during the 2014/15.

5.   The economy in 2014/15 – Commentary from Capita Asset Services (Treasury Management Advisors) in May 2015.

5.1   The original market expectation at the beginning of 2014/15 was for the first increase in Bank Rate to occur in quarter 1 2015 as the unemployment rate had fallen much faster than expected through the Bank of England's initial forward guidance target of 7%. In May, however, the Bank revised its forward guidance. A combination of very weak pay rises and inflation above the rate of pay rises meant that consumer disposable income was still being eroded and in August the Bank halved its forecast for pay inflation in 2014 from 2.5% to 1.25%. Expectations for the first increase in Bank Rate therefore started to recede as growth was still heavily dependent on buoyant consumer demand.

5.2   During the second half of 2014 financial markets were caught out by a halving of the oil price and the collapse of the peg between the Swiss franc and the euro. Fears also increased considerably that the European Central Bank (ECB) was going to do too little too late to ward off the threat of deflation and recession in the Eurozone (EZ). In mid-October, financial markets had a major panic for about a week. By the end of 2014, it was clear that inflation in the UK was going to head towards zero in 2015 and possibly even turn negative. In turn, this made it clear that the Bank of England's Monetary Policy Committee (MPC) would have great difficulty in starting to raise Bank Rate in 2015 while inflation was around zero and so market expectations for the first increase receded back to around quarter 3 of 2016. .

5.3   Gilt yields were on a falling trend for much of the last eight months of 2014/15 but were then pulled in different directions by increasing fears after the anti-austerity parties won power in Greece in January; developments since then have increased fears that Greece could be heading for an exit from the euro. While the direct effects of this would be manageable by the EU and ECB, it is very hard to quantify quite what the potential knock on effects would be on other countries in the Eurozone once the so called impossibility of a country leaving the EZ had been disproved.

5.4   Another downward pressure on gilt yields was the announcement in January that the ECB would start a major programme of quantitative easing, purchasing EZ government and other debt in March. On the other hand, strong growth in the US caused an increase in confidence that the US was well on the way to making a full recovery from the financial crash and would be the first country to start increasing its central rate, probably by the end of 2015. The UK would be closely following it due to strong growth over both 2013 and 2014 and good prospects for a continuation into 2015 and beyond. However, there was also an increase in concerns around political risk from the general election due in May 2015. The UK coalition Government maintained its tight fiscal policy stance but recent strong economic growth and falling gilt yields led to a reduction in the forecasts for total borrowing in the March budget.

5.5   The EU sovereign debt crisis had subsided since 2012 until the Greek election in January 2015 sparked a resurgence of fears. While the UK and its banking system has little direct exposure to Greece, it is much more difficult to quantify quite what effects there would be if contagion from a Greek exit from the euro were to severely impact other major countries in the EZ and cause major damage to their banks.

The treasury management activity during the year

1. Short term lending interest rates

1.1   Base interest rate remained at 0.50% throughout 2014/15. The rate is the lowest ever rate and the rate has remained unchanged for the longest period on record. The last change was over five years ago in March 2009.

1.2   There have been continued uncertainties in the markets during the year to date as set out in Section 5 of Appendix A.

1.3   The strategy for 2014/15, agreed in January 2014, continued the prudent approach and ensured that all investments were only to the highest quality rated banks and only up to a period of up to two years.

1.4   The total amount received in short term interest for 2014/15 was £2.2m at an average rate of 0.62%. This was above the average of base rates in the same period (0.5%) and against a backdrop of ensuring, so far as possible in the financial climate, the security of principal and the minimisation of risk. This base rates return improved slightly towards the end of the financial year as a result of implementing a revised strategy approved in January 2014.

2. Long term borrowing

2.1   The County Council has had a strategy to borrow to support the Capital Programme and lend out surplus cash. Historically this meant that the interest rate earned on cash balances was higher than the interest rate paid on loans from the Public Works Loans Board (PWLB). In the current financial climate, this interest rate differential has been removed. The cost of new borrowing is now well in excess of the rate achievable on our investments.

2.2   Given the current low rates of interest available, the Council has given consideration to possible future tranches of borrowing. In the short term this may lead to a 'cost of carry' as the interest rate on debt is higher than the rate at which we are earning interest on investments. However, from a medium to long term perspective, borrowing at these levels will save the Council many millions of pounds as forecasts for borrowing rates increase due to inflationary pressures in the system.

2.3   The average interest rate of all debt at 31 March 2015 of £259m was 5.20%.

2.4   Opportunities for cost effective repayment of existing debt and restructuring opportunities were constantly monitored but none emerged in the year.

2.5   The Department of Communities and Local Government asked local authorities to make a return to enable them to benefit from a small reduction in all of the PWLB rates for new loans. The PWLB "certainty rate" as it has been named reduced PWLB borrowing rates by 0.20% for most local authorities from November 2012. A return was submitted to keep our options open but despite this reduction, East Sussex did not borrow as the long term benefit did not exceed the short term costs.

2.6   The range of interest rates payable in all of the loans is illustrated in the graph below:

Fixed Rate Loans at 31 March 2015
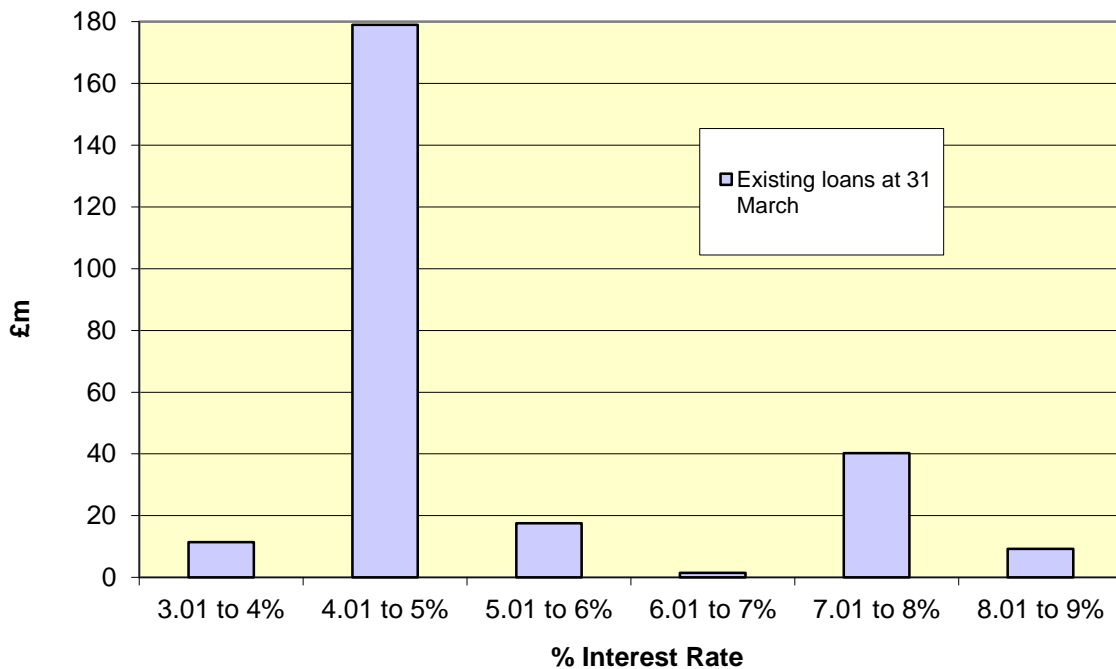
3.   Short term borrowing

3.1   No borrowing was undertaken on a short-term basis during 2014/15 to date to cover temporary overdraft situations.

4   Treasury Management Advisers

4.1   The Strategy for 2014/15 explained that the County Council uses Capita as its treasury management consultant on a range of services which include:

- Technical support on treasury matters, capital finance issues and advice on reporting;
- Economic and interest rate analysis;
- Debt services which includes advice on the timing of borrowing;
- Debt rescheduling advice surrounding the existing portfolio;
- Generic investment advice on interest rates, timing and investment instruments;
- Credit ratings from the three main credit rating agencies and other market information;
- Assistance with training on treasury matters

Whilst the advisers provide support to the internal treasury function, under current market rules and the CIPFA Code of Practice the final decision on treasury matters remained with the Council. This service remains subject to regular review.

4.2   Capita is the largest provider of Treasury Management advice services to local authorities in the UK and they claim to be the market leading treasury management service provider to their clients. The advice has been and will continue to be monitored regularly to ensure a continued excellent advisory service.

The Treasury Management Activity Mid-Year Report - 2015/16

1. Background

1.1   As part of the County Council's governance arrangements for its treasury management activities, the Audit, Best Value and Community Services Scrutiny Committee is charged with oversight of the County Council's treasury management activities. To enable the Committee to fulfil this role, the Committee receives regular reports on treasury management issues and activities. Reports on treasury activity are discussed on a monthly basis with the Chief Finance Officer and the content of these reports is used as a basis for this report to the Committee.

1.2   The Treasury Management and Annual Investment Strategy for 2015/16 were approved by the Cabinet 27 January 2015 and there have been no policy changes to date. This report considers treasury management activity over five months of the financial year.

Summary of financial implications

1.3   The level of Council debt at August 2015 is currently £259m with two loans totalling £2.6m maturing with the PWLB in September 2015. The forecast for interest paid on long-term debt in 2015/16 is approximately £13.5m and is within the budgeted provision. The average balance of investments of approximately £305m generated investments income of £896k to August 2015. The forecast for 2015/16 is £2.40m, exceeding the previous year outturn of £2.25m.

2.   Treasury Management Strategy

2.1   The Council approved the 2015/16 treasury management strategy at its meeting on 27 January 2015. The Council's stated investment strategy is to prudently manage an investment policy achieving first of all, security (protecting the capital sum from loss), liquidity (keeping money readily available for expenditure when needed), and to consider what yield can be obtained consistent with those priorities.

2.2   The Council's exposure to security and interest rate risk could have been reduced by repaying some of the £259m outstanding long-term debt as at August 2015, and, where possible, by rescheduling the average maturity of the loans. However under the current economic conditions the costs of doing so in terms of interest and premium payable would be prohibitive.

2.3   The Chief Finance Officer is pleased to report that all treasury management activity undertaken from April 2015 to August 2015 period broadly complied with the approved strategy, the CIPFA Code of Practice, and the relevant legislative provisions.

3.   Economic Review

3.1   After strong UK GDP growth in 2013 at an annual rate of 2.7% and 3.0% in 2014, quarter 1 of 2015 was disappointing at only 0.4%, though subsequent data indicates that this could well be revised up further down the line and also indicates a return to stronger growth in quarter 2. In its May quarterly Inflation Report, the Bank of England reduced its GDP forecast for 2015 from 2.9% to 2.5% and from 2.9% to 2.7% in 2016, while increasing its forecast for 2017 from 2.4% to 2.7%.

3.2   Uncertainty around the likely result of the UK general election in May has obviously now evaporated although this has been replaced by some uncertainty around the potential impact on the UK economy of the EU referendum promised by, or in, 2017.   In addition, the firm commitment of the Conservative Government to eliminating the deficit within the term of this Parliament will have an impact on GDP growth rates. However, the MPC is fully alert to this and will take that into account, and also the potential spill over effects from the Greek crisis, in making its decisions on the timing of raising Bank Rate.

3.3   In the American economy, confidence has improved markedly in this quarter that the US will start increasing the Fed funds rate by the end of 2015 due to a return to strong economic GDP growth after a disappointing start to the year in quarter 1, (a contraction of 0.2%), after achieving 2.4% growth in 2014.

3.4   In the Eurozone, the ECB in January 2015 issued €1.1 trillion programme of quantitative easing to buy up high credit quality government and other debt of selected EZ countries. This programme of €60bn of monthly purchases started in March 2015 and it is intended to run initially to September 2016.   This already appears to have had a positive effect in helping a recovery in consumer and business confidence and a start to a significant improvement in economic growth, though it remains to be seen whether this will have an enduring effect as strong as the recovery in the US and UK.

Interest Rate Forecast

3.5   The Council's treasury advisor, Capita Asset Services, has provided the following forecast:

	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Bank rate	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.50%	1.50%	1.75%
5yr PWLB rate	2.30%	2.40%	2.50%	2.60%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%
10yr PWLB rate	2.90%	3.00%	3.20%	3.30%	3.40%	3.50%	3.70%	3.80%	3.90%	4.00%	4.10%
25yr PWLB rate	3.60%	3.70%	3.80%	4.00%	4.10%	4.20%	4.30%	4.40%	4.40%	4.50%	4.60%
50yr PWLB rate	3.60%	3.70%	3.80%	4.00%	4.10%	4.20%	4.30%	4.40%	4.40%	4.50%	4.60%

3.6   Capita Asset Services undertook a review of its interest rate forecasts after the May Bank of England Inflation Report. The ECB's quantitative easing programme to buy up EZ debt caused an initial widespread rise in bond prices and, correspondingly, a fall in bond yields to phenomenally low levels, including the debt of some European countries plunging into negative yields. Since then, fears about recession in the EZ, and around the risks of deflation, have abated and so there has been an unwinding of this initial phase with bond yields rising back to more normal, though still historically low yields.

3.7   This latest forecast includes a move in the timing of the first increase in Bank Rate from quarter 1 of 2016 to quarter 2 of 2016 as a result primarily of poor growth in quarter 1, weak wage inflation and the recent sharp fall in inflation due to the fall in the price of oil and the impact of that on core inflation. The UK fell marginally into deflation in April (-0.1%) and figures near zero will prevail for about the next six months until the major fall in oil prices in the latter part of 2014 falls out of the twelve month calculation of CPI inflation.

3.8   The Governor of the Bank of England, Mark Carney, has repeatedly stated that increases in Bank Rate will be slow and gradual. The MPC is concerned about the impact of increases on many heavily indebted consumers, especially when average disposable income is only just starting a significant recovery as a result of recent increases in the rate of wage inflation, though some consumers will not have seen that benefit come through for them.

4. **Amendment to the 2015/16 Treasury Management Strategy - Local Capital Finance Company Limited**

4.1   The Local Government Association (LGA) has created a Local Capital Finance Company Limited (formerly known as the Municipal Bonds Agency (MBA)) which it believes will allow councils to raise funds at significantly lower rates than those offered by the PWLB. It is an independent company with the sole aim of reducing financing costs for councils through arranging lending at competitive interest rates. It is envisaged that the company will fund lending through any or all of the following:

- Raising money on the capital markets through issuing bonds
- Arranging lending or borrowing directly from local authorities
- Sourcing funding from other third party sources, such as banks, pension funds or insurance companies.

4.2   The County Council is giving consideration to whether to participate in the scheme and a report will be taken to the Lead Member shortly for decision. The Council is currently in negotiations to determine the level of its participation in the scheme.

4.3   The benefit from the creation of the Local Capital Finance Company Limited includes the opportunity to access European Investment Bank (EIB) funding for future Council infrastructure development. EIB rates are lower than PWLB rates, but cannot usually be accessed by local authorities, because, in most cases, the EIB will only lend money for specific projects worth £250 million or more (in some cases the EIB will help to finance £150 million projects) for which it will provide up to half the funding.

4.4   In order to participate in the scheme, the Cabinet at its 29 June 2015 meeting recommend the County Council agree the amendments to the Treasury Management Strategy to facilitate investment in a wholly local government owned company. The following sentences will be **added** to the Treasury Management Strategy (para 5.17:

'The Council may make an investment in the form of shares in the municipal bonds agency (Local Capital Finance Company Limited) where the primary purpose is to support the Council's priorities rather than to speculate on the capital sum invested. With the exception of the municipal bonds agency investment, only investments where there is no contractual risk to the capital invested and where the rate of return justifies their use will be entered into.

Non-Specified investments are any other type of investment (i.e. not defined as specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out in Table 4 below. Non specified investments would include the purchase of shares in the municipal bonds agency (Local Capital Finance Company Limited).'

5.   Lender Option Borrower Option (LOBO) Loans

5.1   LOBO stands for Lender Option Borrower Option. Long-term borrowing deals structured in a such a way that a low rate of interest is usually offered for a short, initial period (anything from 1 year to 7 years), followed by a "step up" to a higher rate of interest (the "back end" interest rate), which is to be charged for the remainder of the loan period. The overall length of LOBOs is usually 40 or 50 years, but can be for shorter or longer periods. It can be attractive options bearing in mind the opportunities for very low interest rates in the primary period and competitive indicative rates thereafter. The main benefits of LOBOs include:

- Very cheap initial rates can be obtained, which cannot be matched either by long or short-term loans available elsewhere.
- Quoted rates for the remaining periods to maturity are also relatively attractive, being similar to those available from the PWLB.

5.2   The Council has LOBO loans which were taken between 2005 and 2010 as a result of proactive approach to repayment/restructuring of PWLB matured debt and the use of LOBOs are considered as part of the borrowing strategy, i.e., a LOBO with EuroHypo was secured at 3.75% as opposed to the PWLB rate at the time of 4.50%, when the market situation and difficulties in the Eurozone continues to make finding new loans difficult.   In addition, the loans were taken to generate short-term savings over their primary periods compared with standard short/long-term interest rates.

5.3   The Council has a £35.9m exposure to LOBO loans at an average rate of 4.25%, and currently 16% of the total debt portfolio, of which £12.9m and £23.0m of these loans could be "called" during 2015/16 and 2016/17 respectively.   The current interest rates result in very low probability of a LOBO being "called" which would trigger premature repayment.   The Council will continue with the policy not to accept any option to pay a higher rate of interest on its' LOBO loans, and will exercise its own option to repay the loan should a lender exercise an option.

5.4   In conjunction with advice from the Council treasury advisor, Capita, the Council will continue to keep under review the options it has in borrowing from the PWLB, the market and other sources identified in the Treasury Management Practices, up to the available capacity within its prudential 'Authorised Limit'.   While LOBO loans generally offers an initial lower rates, the PWLB remains the preferred source of borrowing given the transparency and control that its facilities continue to provide.

Prudential Indicators which relate to the Treasury function and compliance with limits

1.1   The County Council is required by the Prudential Code to report the actual prudential indicators after the end of each year.   There are eight indicators which relate to treasury management and they are set on an annual basis and monitored, they comprise:-:

- Operational and authorised borrowing limits which includes short term borrowing (paragraph 1.2 below)
- Interest rate exposure (paragraph 1.3 below)
- Interest rate on long term borrowing (paragraph 1.4 below)
- Maturity structure of debt (paragraph 1.5 below)
- Maturity structure of investments (paragraph 1.6 below)
- Compliance with the Treasury Management Code of Practice (paragraph 1.7 below)
- Interest on investments (paragraph 1.8 below)
- Capital Financing Requirement and Minimum Revenue Provision (paragraph 1.9 below)

1.2   **Operational and authorised borrowing limits.**

The tables below sets out the estimate and projected capital financing requirement and long-term borrowing in 2013/14

	CAPITAL FINANCING REQUIREMENT	**2014/15**	**2014/15**
		Estimate **£m**	**Actual**
	Capital financing requirement at 1 April 2014	370	373
ADD	Financing of new assets	100	-
LESS	Provision for repayments of debt	-18	-12
		-------	-------
	Capital financing requirement at 31 March 2015	**450**	**361**
ADD	Net borrowing for next year	10	10
		-------	-------
	Operational boundary	**460**	**371**
ADD	Short term borrowing	20	20
		-------	-------
	Authorised limit	**480**	**391**

	ACTUAL BORROWING	**2014/15**
		Actual £m
	Long term borrowing at 1 April 2014	262.9
LESS	Loan redemption	-4.0
	Long term borrowing at 31 March 2015	**258.9**

The Capital Financing Requirement includes PFI Schemes and Finance Leases.

The actual Authorised Limit for 2014/15 of £391m reflected the move to International Financial Reporting Standards (IFRS) and previously agreed Private Finance Initiative (PFI) contracts and some leases (being reclassified as finance leases instead of operating leases) coming onto the County Council Balance Sheets as long term liabilities. This new accounting treatment impacted on the Authorised Limit.

The Operational boundary for borrowing was based on the same estimates as the authorised limit. It reflected directly the authorised borrowing limit estimate without the additional amount for short term borrowing included to allow, for example, for unusual cash movements. The Operational boundary represents a key management tool for in year monitoring and long term borrowing control.

The Authorised limit was consistent with the County Council's current commitments, existing plans and the proposals for capital expenditure and financing, and with its approved treasury management policy statement and practices. It was based on the estimate of most likely, prudent but not worst case scenario, with in addition sufficient headroom (short term borrowing) over and above this to allow for day to day operational management, for example unusual cash movements or late receipt of income. Risk analysis and risk management strategies were taken into account as were plans for capital expenditure, estimates of the capital financing requirement and estimates of cash flow requirements for all purposes.

The Authorised limit is the "Affordable Borrowing Limit" required by S3 of the Local Government Act 2003 and must not be breached. The Long Term borrowing at 31st March 2015 of £258.9m is under the Operational boundary and Authorised limit set for 2014/15. The Operational boundary and Authorised limit have not been exceeded during the year.

1.3 Interest rate exposure

The County Council continued the practice of seeking to secure competitive fixed interest rate exposure for 2014/15. There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs or improve performance. The indicators are:

- upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;
- upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

	2014/15	2015/16	2016/17
Interest rate exposures	**Upper**	**Upper**	**Upper**
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	15%	15%	15%
Maturity structure of fixed interest rate borrowing 2014/15			
	Lower	Upper	Actual 2014/15
Under 12 months	0%	25%	2%
12 months to 2 years	0%	40%	2%
2 years to 5 years	0%	60%	5%
5 years to 10 years	0%	80%	8%
10 years to 20 years	0%	80%	20%
20 years to 30 years	0%	80%	9%
30 years to 40 years	0%	80%	36%
40 years to 50 years	0%	80%	18%

The County Council has not exceeded the limits set in 2014/15. Not more than £20m of debt should mature in any financial year and not more than 15% to mature in any two consecutive financial years. New borrowing will be undertaken giving due consideration to the debt maturity profile, ensuring that an acceptable amount of debt is due to mature in any one financial year. This helps to minimise the authority's exposure to the risk of having to replace a large amount of debt in any one year or period when interest rates may be unfavourable. The bar chart in the attached Annex 1 shows the maturity profile.

1.4 Interest rate on long term borrowing

The rate of interest taken on new long term borrowing will be monitored as the following targets have been set.

- Rate taken on borrowing is within 0.25% of lowest point for set loan period (i.e. 45-50 years) during the year

- Rate taken is within lowest eighth of rates available for set loan period (i.e. 45-50 years) during the year

No new borrowing has been taken in 2014/15.

1.5 Maturity structure of investments

The Investment Guidance issued by the government, allowed local authorities the freedom to invest for more than for one year. All investments over one year were to be classified as Non-Specified Investments. The County Council had taken advantage of this freedom and non-Specified Investments are allowed to be held within our overall portfolio of investments and in line with our prudent approach in our strategy, no new long term investments (over 364 days) have been taken in 2013/14.

1.6 Compliance with the Treasury Management Code of Practice

East Sussex County Council has adopted the CIPFA *Code of Practice for Treasury Management in the Public Services.*

1.7 Interest on investments

1.7.1. The table below sets out the average monthly rate received on our investments and compares it to the Bank of England Base rate to reflect both the interest rates available in the market and limitation in the use of counterparties.

Month	Amount £'000	Monthly rate	Margin against Base Rate
April	172	0.57%	0.07%
May	196	0.59%	0.09%
June	191	0.60%	0.10%
July	198	0.60%	0.10%
August	196	0.60%	0.10%
September	190	0.61%	0.11%
October	188	0.62%	0.12%
November	176	0.63%	0.13%
December	180	0.62%	0.12%
January	180	0.64%	0.14%
February	162	0.65%	0.15%
March	175	0.66%	0.16%
Total for 2014/15	**2,204**	**0.62%**	**0.12%**

1.7.2. The total amount received in short term interest for the year was £2.2m at an average rate of 0.62%. This was above the average of base rates in the same period (0.5%) but ensuring, so far as possible in the financial climate, the security of principal and the minimisation of risk. This Council has continued to follow a prudent approach with security and liquidity as the main criteria before yield.

1.9   **Capital Financing Requirement and Minimum Revenue Provision (MRP)**

1.9.1. The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2014/15 unfinanced capital expenditure (see below table), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

1.9.2. Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board [PWLB] or the money markets), or utilising temporary cash resources within the Council.

1.9.3.   Reducing the CFR – the Council's underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision – MRP, to reduce the CFR. This is effectively a repayment of the borrowing need. This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

1.9.4   The total CFR can also be reduced by:

- the application of additional capital financing resources (such as unapplied capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

1.9.5. The Council's 2014/15 MRP Policy (as required by CLG Guidance) was approved as part of the Treasury Management Strategy Report for 2014/15 on 28 January 2014.
 1.9.6. The Council's CFR for the year is shown below, and represents a key prudential indicator. It includes PFI and leasing schemes on the balance sheet, which increase the Council's borrowing need. No borrowing is actually required against these schemes as a borrowing facility is included in the contract.

CFR including appropriate balances and MRP charges for PFI Schemes and Finance Leases.

	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
	£m	£m	£m	£m
Total CFR	**361**	**343**	**325**	**307**
Movement in CFR	**-12**	**-18**	**-18**	**-17**

Movement in CFR represented by				
Net financing need for the year	3	-4	-5	-5
MRP/VRP and other financing movements	-15	-14	-14	-13
Movement in CFR	**-12**	**-18**	**-18**	**-17**

Minimum Revenue Provision (MRP) Statement

1.10　The statutory requirement for local authorities to charge the Revenue Account each year with a specific sum for debt repayment has been replaced with a more flexible statutory guidance and a variety of options is provided to councils to replace the existing Regulations, so long as there is a prudent provision.

1.11　The statutory duty is that a local authority shall determine for the financial year an amount of minimum revenue provision (MRP) that it considers to be prudent.　This replaces the previous prescriptive requirement that the minimum sum should be 4% of the Council's Capital Financing Requirement (CFR).

1.12　To support the statutory duty the Government also issued a guidance, which required that a Statement on the Council's policy for its annual MRP should be submitted to the full Council for approval before the start the financial year to which the provision will relate. The Council are therefore legally obliged to have regard to this MRP guidance in the same way as applies to other statutory guidance such as the CIPFA Prudential Code, the CIPFA Treasury Management Code and the CLG guidance on Investments.

1.13　The MRP guidance offered four options under which MRP might be made, with an overriding recommendation that the County Council should make 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).

1.14　The International Financial Reporting Standards (IFRS) involved Private Finance Initiative (PFI) contracts and some leases (being reclassified as finance leases instead of operating leases) coming onto the County Council Balance Sheets as long term liabilities.　This accounting treatment impacted on the Capital Financing Requirement with the result that an annual MRP provision will be required.

1.15　The policy recommended for adoption from 1 April 2014 retained the key elements of the policy previously approved but now incorporates the IFRS changes (re PFI and finance leases) and the consequential updated Government Guidance.　The policy adopted for 2014/15 is therefore as follows:-

1.16　For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy has been:

- Based on based on the non-housing CFR, i.e., The Council currently set aside a Minimum Repayment Provision based on basic MRP of 4% each year to pay for past capital expenditure and to reduce its CFR.

1.17　From 1 April 2008 for all unsupported borrowing the MRP policy has been:

- Asset Life Method – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations (this option will be applied for any expenditure capitalised under a Capitalisation Direction).

- Asset Life Method (annuity method) The Council will also be adopting the annuity method, - MRP calculated according to the flow of benefits from the asset, and where the principal repayments increase over the life of the asset.　The policy is being adopted as a result of any PFI's assets coming on the balance sheet and any related MRP will be equivalent to the "capital repayment element" of the annual service charge payable to the PFI Operator and for finance leases, MRP will also be equivalent to the "capital repayment (principal) element" of the annual rental payable under the lease agreement.

Under both methods, the Council has the option to charge more than the statutory MRP each year through a Voluntary Revenue Provision (VRP).
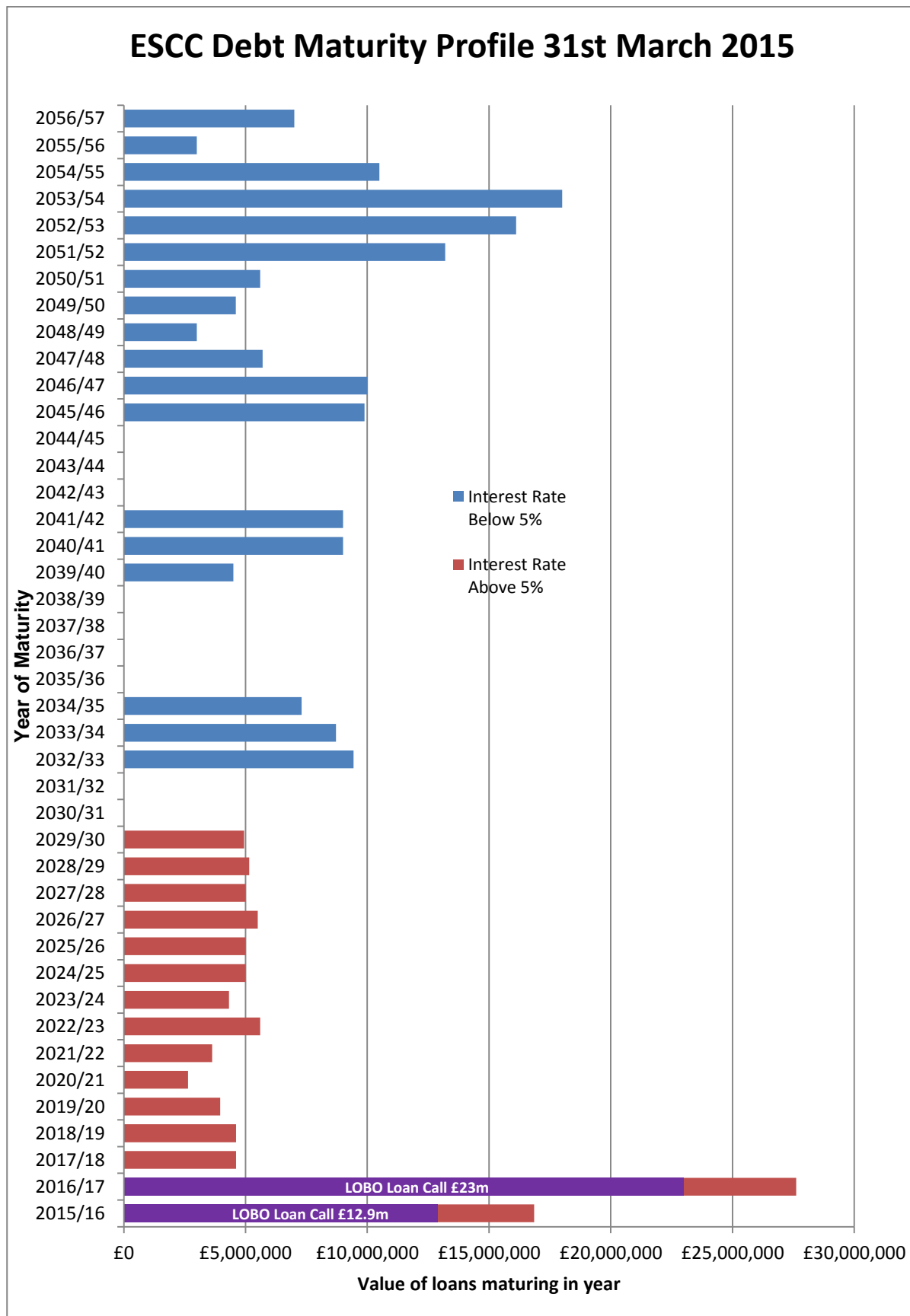
Annex 1

ESCC Debt Maturity Profile 31st March 2015

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Report to:	**Audit, Best Value and Community Services Scrutiny Committee**
Date:	**15 September 2015**
By:	**Acting Director of Public Health**
Title of report:	**Suicide Prevention: Beachy Head Infrastructure Update**
Purpose of report:	**To update the Scrutiny Committee on how the recommendations of the Beachy Head infrastructure report have been taken forward to date.**

RECOMMENDATION: The Committee is recommended to note this report.

1.   Introduction

1.1   Through a business case process, public health funding was allocated to a number of one-off projects which focused on creating or supporting a step-change in addressing public health outcomes in the Public Health Outcomes Framework where East Sussex is performing significantly worse compared to England. One of these projects focused on suicide prevention.

1.2   The suicide prevention project comprises five interrelated workstreams: infrastructure assessment and developments in the Beachy Head area; staff training; counselling provision for those affected by suicide; provision of more non-statutory support to those in a state of distress following a suicide attempt; and staff secondment to the Beachy Head Chaplaincy Team. Appendix 1 contains more detail on the workstreams.

1.3   Members have previously received updates on the broader project but at the meeting on 17 March 2015 an update was provided on the workstream that focuses specifically on Beachy Head. A report on the findings of the infrastructure report commissioned for Beachy Head which outlined the report recommendations, the challenges and proposals on how this needed to be taken forward, was presented.

1.4   This report provides an update on developments since then as requested by the committee.

2.   Developing a Suicide Prevention Strategy for Beachy Head

2.1   The Infrastructure report put forward a number of recommendations in terms of what should be done immediately and what should be done in the longer term.

2.2   The recommendations were used to put forward the following components to inform a draft suicide prevention strategy for Beachy Head:

Physical measures:
- One main eastern and one main western car park, with no parking anywhere else on Beachy Head Road
- A smart surveillance and early-alert system in each of the car parks, possibly extending to adjacent paths and trails and areas of downland
- A clear cliff-edge boundary, reinforced by a virtual fence with unambiguous warning signs
- Free emergency telephones connected directly to Samaritans and police
- Elsewhere, appropriate placed signage, displaying a free 24-hour helpline number

- No memorials anywhere on the site

Human measures:
- Community police patrol at site,
- A mental health worker to support BHCT
- Alert and skilled transport providers and other on-site workers
- A whole-community commitment to suicide prevention, with interventions skills training available to all, especially those working in settings used by visitors, such as hotels and B&Bs, pubs and cafes.

3.   Senior Officers Meeting

3.1   The Infrastructure Report had implications for a number of agencies and agreeing a common way forward is key to developing a strategy that is agreed and owned by all.

3.2   On 3 September 2015, Senior Officers from East Sussex County Council, Eastbourne Borough Council, Natural England and South Downs National Park Authority met to discuss the recommendations of the report, the draft suicide prevention plan and to agree the next steps.

4.   Next Steps

4.1   All recommendations were considered at the meeting and categorised as: already being progressed; straightforward and could be taken forward now; requiring further work before decisions could be made.

4.2   The following recommendations are already in progress:

- Training for taxi companies/taxi drivers: Whilst this had already commenced with Eastbourne taxi companies, it was noted that this would need to be extended to include Seaford taxi companies and so there should also be discussions with Lewes District Council. Eastbourne Borough Council agreed that they would help facilitate further work.

- Training for Other Key Staff: Training (to be delivered by Grassroots a nationally recognised suicide charity) is in the process of being organised for Beachy Head Chaplaincy Team volunteers, pub staff, Visitor's Centre staff and HM Coastguard.

- Working with Beachy Head Chaplaincy Team: work with the Chaplaincy on its profile is on-going. They are: collaborating with the Beachy Head Risk Management Group; have sought advice about their publicity; have worked with 3CVA in relation to improving their financial management systems, and their policies and procedure; and they are working with Grassroots on their volunteer training.

- Number Plate recognition camera: It has already been agreed that a second camera can be installed; public health have been working with the police and it is understood that a planning application has been submitted.

4.3   The following recommendations were considered to be straightforward and could be taken forward:

- Bus Drivers and 'suicide safer community' initiative: Work with Brighton and Hove Buses, Stage Coach and Eastbourne City Sight Seeing Bus Company will be

progressed as the same training as that being given to taxi drivers would be beneficial. Work around suicide safer communities will be progressed through the East Sussex suicide prevention steering group.

- Training for Dog-Walkers: It was agreed that training for dog walkers who visit Beachy Head regularly would be beneficial.

- Minor signage: Signage which indicates how to access support such as from the Samaritans can be taken forward and likely costs have been identified. South Downs National Park will take advice from planners as required.

- Freephone: Installation and on-going costs will be explored with BT.

- Mobile phone signal: A booster to improve mobile phone signal will be explored with the communications company EE.

4.4   The following recommendations require further work and subsequent discussions before a decision could be made:

- Reducing vehicle access by closing car parks, lay-bys or roads: It was agreed that further data needed to be obtained before this proposal could be considered further. For example there is a need to know more about: the mode of transport used by those considering/taking their lives at Beachy Head, where they park if they travel there by car, how many cars have been recovered and from where. Discussions will be had with the police who should be able to help with this.

- Fencing: It was decided that fencing would continue to be used where the edge of the cliff is not visible and so could result in accidents. However, further fencing would not be installed as the dynamic nature of the cliffs (due to erosion) would necessitate constant replacing and rescue services need unimpeded access to the cliffs.

- Signage warning of cliff dangers: It was agreed that the safety issues could be explored and taken forward through the Beachy Head Risk Management Group. An approach would be made to foreign language schools as their students, who tend to come in large groups, are some of those who regularly go too close to the cliff edge.

- Electronic surveillance system: It was agreed that further scoping would be required before any further decisions could be made. This will entail working with the police, seeking advice from providers of security systems and talking to the consultant who wrote the specification for Gap Park in Australia in order to consider what might be possible at Beachy Head. A range of issues including what cameras are suggested, how many and at what cost, how and where they would be installed and what the on-going maintenance costs and replacement costs would be, need to be explored further

  There are also a number of questions that need to be answered concerning current police activity, for example: What are the response times for police going to Beachy Head at present? Are they able to respond to all calls? Would they have the resources to monitor and respond to any security system that is installed? Does it need to be the police themselves that monitor and respond or could it be undertaken by others? It was acknowledged that an increase in alerts would mean that consideration would need to be given to a commissioned service.

In addition there is further information required about those who take their life at Beachy Head, for example: What time of year, day of the week or time of day do people go to Beachy Head generally. Any patterns identified would inform whether monitoring was required on a 24 hour basis and whether it would require the same monitoring intensity throughout the year.

4.5   It was agreed that the Senior Officers group would meet again at the end of November to discuss progress.

4.6   Members will receive an update in six months.

5.   Recommendations

5.1   The Committee is recommended to note this report.

Cynthia Lyons
Acting Director of Public Health

Contact Officer: Martina Pickin, Consultant in Public Health, Tel No. 01273 335132

Appendix 1: Suicide Prevention Project

The project is composed of five elements:

1.   Infrastructure assessment and developments in the Beachy Head area.
        Restricting access to the means of suicide is an established method of suicide
        prevention. An environmental audit of cliff areas in East Sussex is required and an
        assessment of the feasibility of suggestions made by Sussex Police, Sussex
        Partnership Foundation NHS Trust, the Coast Guard and other agencies is required.
2.   Staff training
        Training will be provided for primary care, A&E and community services, including
        the voluntary sector. The training will use established evidence-based courses of
        varying length depending on the target audience.
3.   Staff secondment to the Chaplaincy who provide cliff patrols at Beachy Head.
4.   Increased non-statutory provision for those affected by suicide
        A service aimed at anyone affected by suicide or attempted suicide, their families and
        their carers. The psycho-social support addresses the immediate crisis and provides
        ongoing support to help manage mental health problems and improve wellbeing.
5.   Investigation and provision of more non-statutory support to prevent admissions via
        A&E.
        Pilot non-statutory 'place of safety' to improve the quality of care of those with mental
        health problems by avoiding unnecessary hospital admission via A&E.

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Report to: **Audit, Best Value and Community Services Scrutiny Committee**

Date: **15 September 2015**

By: **Acting Director of Public Health**

Title of report: **Update on the Public Health Grant Unallocated Reserve One-Off Funded Proposals**

Purpose of report: **To update the Audit, Best Value and Community Services Scrutiny Committee on progress to date.**

RECOMMENDATIONS: The Committee is recommended to:

1. **Consider and note the report; and**
2. **Consider how the Committee wishes to monitor use of this reserve and implementation of the proposals**

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1.   Public Health Grant and Unallocated Reserve

1.1   The Public Health Grant is received with conditions as set out in Local Authority Circulars for the use of the Public Health Grant (LAC(DH)2013)1; (LAC(DH)2013)3; (LAC(DH)2014)2. It is stipulated that funds can be carried over into the next financial year as part of a Public Health reserve but all the conditions that apply to the use of the grant continue to apply to any funds carried over.

1.2   The opening 2015/16 unallocated Public Health Reserve stood at £10.352m. The reserve is to be used to implement the recommendations of the 2014/15 Director of Public Health Annual Report, Growing Community Resilience in East Sussex, and to support a step change in delivering improved public health outcomes in the Public Health Outcomes Framework where East Sussex performance is significantly worse when compared to England. The Department of Health (DoH) have issued consultation for an in-year reduction in grant funding nationally of £200m, which for East Sussex equates to £1.709m. The proposed reduction in funding for 2015/16 can be managed within the Public Health Medium Term Financial Plan, without impact on the projects detailed within this report. Paragraph 3.1 below has further details about the proposed budget reduction.

1.3   Corporate Management Team agreed a funding proposal which enabled the reserve to be used to support time-limited funding submissions within the broader context of the County Council's priorities and the Public Health Outcomes Framework. Chief Officers, through their Departmental Management Teams, considered the use of the grant taking account of their own financial position, the Public Health Outcomes Framework, County Council priorities and overall level of available reserve.

1.4   Proposals were drawn together from each department for consideration by the Acting Director of Public Health and for agreement by the Corporate Management Team.

1.5   Members received an overview of these projects at the Audit, Best Value and Community Services Scrutiny Committee meeting on 17 March 2015. Since then these proposals have been worked through and plans developed with partners.

2. Public Grant Unallocated Reserve Funded Proposals and Performance Management Process

2.1   An updated overview of the proposals funded is detailed in Appendix 1. These total £6,466,789.

2.2   Six monthly reporting requirements are in place. The performance management monitoring form is detailed in Appendix 2.

2.3   As the projects are funded from Public Health Reserves, costs will be incurred within relevant department cost centres during the course of the financial year. As part of the year end closure of accounts, total approved in-year projects costs will be covered by a transfer from Public Health Reserves.

3. Public Health Grant Savings

3.1   As part of the wider Government action on deficit reduction, the 2015/16 Public Health grant to local authorities will be reduced by £200m nationally. The DoH launched a consultation, which closed on 28 August 2015, on the proposed reduction methodology. The grant allocation for East Sussex being £24.067m, plus £3.5m for the commissioning of 0-5 years children's Public Health services, totals £27.567m. The DoH's preferred option is a standard, flat rate of 6.2% cut applied to all local authorities, which equates to £1.709m for East Sussex. It is possible however that a methodology that differentiates between local authorities in different circumstances applying varied percentages will be agreed. We have also been informed by Public Health England that the in-year savings will be recurrent, however, there is no further detail on this at present.

3.2   Whilst it is expected that the impact of the in-year saving requirement will not impact on the delivery of the current proposals, any recurrent savings required may impact. This issue will need to be addressed through Reconciling Policy Performance and Resources for 2016/17 onwards.

4. Recommendations

4.1   The Committee is recommended to consider and note the report.

Cynthia Lyons
Acting Director of Public Health

Local Members: All
Background Documents: None

Appendix 1: Public Health Unallocated Reserve Proposals

Ref	Title	PHOF	2015/16	2016/17	2017/18	Total	Description of proposal
ASC1	**Reducing social isolation through technology**	1.18ii	£32,000	£12,000	£12,000	£56,000	To reduce social isolation of carers through development of peer to peer befriending via Social Media and I.T. communication technology as well as telephone. Project to include: (i) Research models elsewhere, consider range of technology options, explore options for linking to existing services e.g. Silverline, (ii) Trial models, develop evidence base and audit trail for demonstrating tangible sustainable support and (iii) Ongoing coordination of agreed model(s).
CET1	**Speed limits**	1.10	£125,000	£0	£0	£125,000	To identify approximately 5 locations with a history of injury crashes where a lower speed limit may help to make the road safer and introduce the lower speed limit where appropriate.
CSD1	**Speech, language and comms training for preschools**	1.02i & ii	£55,000	£55,000	£55,000	£165,000	Phonics - To provide funded specialist training for schools and preschools on speech, language and communication training
CSD2	**School Readiness**	1.02i & ii	£237,700	£238,900	£242,500	£719,100	To maintain a team of 8 Early Communication Support Workers and 2 Senior Teachers who support the development of young children's early speech, language and communication in line with the East Sussex Early Years Speech, Language and Communication Pathway. Offering some agreed group sessions in Children's Centres and, where communication delay is identified, offering early help to children's language development in order to decrease the need for referral to formal therapy services.
CSD3	**Impact of trauma on brain development**	1.03 & 4.10	£50,000	£0	£0	£50,000	A pilot programme to help staff in schools understand the impact of trauma on brain development.
CSD4	**Young people and self harm**	2.07i&ii	£120,000	£0	£0	£120,000	Hospital admissions due to unintentional and deliberate injuries
CSD5	**Re-offending levels**	1.3i & iii	£117,000	£117,000	£117,000	£351,000	(i) Functional Family Therapy - roll out of nationally evaluated evidence based model to reduce numbers of young people who enter the criminal justice system and who reoffend. (ii) Training to the YOT Staff team in screening for issues with speech and communication. (iii) identify and deliver effective interventions to address domestic abuse in young people.

Ref	Title	PHOF	2015/16	2016/17	2017/18	Total	Description of proposal
CSD6	**Pupil absence**	1.03	£86,994	£86,994	£86,994	£260,982	Pupil absence - Funding for 3.0 fte Education Support, Behaviour and Attendance Practitioner posts to target children from vulnerable groups who have protracted poor attendance, where other interventions are not realising improvements
PH1	**HIV testing in Eastbourne**	3.04	£160,889	£160,889	£160,889	£482,667	It is recommended that ESCC introduce HIV testing into Eastbourne in order to test the feasibility of introducing expanded testing in Lewes and Hastings. Objectives (i) To introduce expanded HIV testing into Eastbourne District, with a view to further expansion in Hasting and Lewes in the future (Eastbourne has exceeded the 2/1,000 prevalence for the longest); (ii) To pilot the feasibility of introducing expanded HIV testing for all new GP practice registrations who are 16 years old and over and register in Eastbourne practices; (iii) To pilot the feasibility of introducing expanded testing for all Eastbourne residents over 15 years who are admitted as a general medical admission to ESHT.
PH2	**Chlamydia screening**	3.02i & ii	£163,520	£73,520	£0	£237,040	The Chlamydia screening target is a Public Health Outcomes Framework target that has not been achieved in East Sussex for the past several years and where performance is significantly lower than that of England. The project will focus specifically on those areas (Rother and Wealden) and groups where achievement is poorest (men). The project proposes a number of interventions to increase Chlamydia screening in order to meet positivity targets: (i) The use of home testing kits to reach sexually active young men and women who are not accessing sexual health services, (ii) A time limited engagement post to work with GP practices and pharmacies in Wealden, (iii) Social marketing work to raise awareness of the importance of chlamydia testing amongst young people, particularly young men.
PH3	**Community resilience population health check survey**	Multiple	£300,000	£0	£0	£300,000	To commission a social capital population postal survey of adults resident in East Sussex. The survey will help to undertake a state of the community health check (incorporating mental wellbeing) and include an update on the relevant 2008/09 Place Survey data used to calculate some of the Wellbeing And Resilience Measures (WARM) indicators used in the Annual Report of the Director of Public Health for 2014/15 Growing Community Resilience in East Sussex. The survey will be repeated during 2017/18 and again in 2019/20. The results of the survey will also support the implementation and monitoring of the East Sussex Better Together community resilience programme.

Ref	Title	PHOF	2015/16	2016/17	2017/18	Total	Description of proposal
PH5	**Implementation of community resilience programme**	Multiple	1,000,000	1,000,000	1,000,000	3,000,000	Developing and taking forward a community resilience programme in East Sussex. Developing, growing and harnessing community level support systematically and at scale and formally connecting this with locality structures as part of a systems approach under East Sussex Better Together to provide an additional tier of support to people of all ages and at all levels of need.
PH4	**Community resilience programme support**	Multiple	200,000	200,000	200,000	600,000	Programme support to implement community resilience programme.
	Total Cost		2,648,103	1,944,303	1,874,383	6,466,789	

Key to Public Health Outcomes Indicators identified above

PHOF INDICATOR	PHOF INDICATOR DESCRIPTION
1.02i	School Readiness: The percentage of children with free school meal status achieving a good level of development at the end of reception
1.02ii	School Readiness: The percentage of Year 1 pupils achieving the expected level in the phonics screening check
1.03	Pupil absence
1.10	Killed and seriously injured (KSI) casualties on England's roads
1.13i	Re-offending levels - percentage of offenders who re-offend
1.13ii	Re-offending levels - average number of re-offences per offender
1.18ii	Social Isolation: % of adult social care users who have as much social contact as they would like
2.07i	Hospital admissions caused by unintentional and deliberate injuries in children (aged 0-4 years)
207ii	Hospital admissions caused by unintentional and deliberate injuries in young people (aged 15-24)
3.02i	Chlamydia detection rate (15-24 year olds) - Females
3.02ii	Chlamydia detection rate (15-24 year olds) - Males
3.04	People presenting with HIV at a late stage of infection
4.10	Suicide rate

All Public Health Outcome Indicators can be accessed via the following link http://www.eastsussexjsna.org.uk/overviews/PHOF

Appendix 2: Six Monthly Performance Management Proforma

<p align="center">Insert Title of Proposal</p>

The Public Health Grant Funding is as follows:

Proposal	2015/16	2016/17	2017/18	Total

Public Health Outcomes Framework Indicator (s)	

Description of proposal
Please complete

Expenditure profile for the proposal
Please complete

Outcomes to be achieved by the proposal
Please complete

How it will be evaluated
Please complete

Six Monthly Reporting Requirements (Evidence the progress made towards achieving the outcomes updating and submitting this form every 6 months for the duration of the funding)
September 2015   Please complete
March 2016   Please complete
September 2016   Please complete if funding also covers 16/17
March 2017   Please complete if funding also covers 16/17
September 2017   Please complete if funding covers 17/18
March 2018   Please complete if funding covers 17/18

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Audit, Best Value and Community Services (ABVCS) Scrutiny Committee

East Sussex County Council

Future work at a glance

Updated: July 2015

This list is updated after each meeting of the scrutiny committee
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Items that appear regularly at committee	
Internal Audit Progress Reports	Summary of quarterly key audit findings, highlighting significant control issues and reporting on delivery of the audit plan and internal audit services' performance against performance indicators.
Strategic risk monitoring log	The latest version of the County Council's strategic risk register.
The Council's **Forward Plan**	The latest version of the Council's **Forward Plan** is included on each scrutiny committee agenda. The Forward Plan lists all the key County Council decisions that are to be taken within the next few months together with contact information to find out more. It is updated monthly.

The purpose of doing this is to help committee Members identify important issues for more detailed scrutiny *before* key decisions are taken. This has proved to be significantly more effective than challenging a decision once it has been taken. As a last resort, the **call-in** procedure is available if scrutiny Members think a Cabinet or Lead Member decision has been taken incorrectly.

Requests for further information about individual items on the Forward Plan should be addressed to the listed contact. Possible scrutiny issues should be raised with the scrutiny team or committee Chairman, ideally before a scrutiny committee meeting. |

Agenda Item 11

Items that appear regularly at committee	
Committee work programme	This provides an opportunity for the committee to review the scrutiny work programme for future meetings and to highlight any additional issues they wish to add to the programme.

Future committee agenda items		Presenting officer
15 September 2015		
Internal Audit Progress Report	Internal Audit Progress report – Quarter 1 (01/04/15 – 30/06/15)	Russell Banks, Head of Assurance
Strategic Risk Monitoring	Strategic risk monitoring report - Quarter 1 (01/04/15 – 30/06/15)	Russell Banks, Head of Assurance
Treasury Management Half Year Report and Outturn Report	The Code of Practice for Treasury Management requires the Council to review its treasury management performance. The report will set out: • A summary of the original strategy agreed for 2014/15 and the economic factors affecting this strategy in the first six months of this year. • The treasury management activity during the first six months. • The performance to date of the Prudential Indicators, which relate to the Treasury function and compliance within limits. • The outturn report	Marion Kelly, Chief Financial Officer
Reconciling policy, performance and resources (RPPR)	To begin scrutiny's involvement in the RPPR process. To establish a RPPR Board of members to undertake more detailed investigations as required.	Becky Shaw, Chief Executive
Suicide Prevention: Beachy Head Infrastructure	An update report on the Beachy Head Infrastructure project.	Cynthia Lyons, Acting Director of Public Health

Audit, Best Value & Community Services Scrutiny Committee

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Future committee agenda items		Presenting officer
15 September 2015		
Public Health Projects	An update report on the Public Health one-off funding projects.	Cynthia Lyons, Acting Director of Public Health
23 November 2015		
Internal Audit Progress Report	Internal Audit Progress report – Quarter 2 (01/07/15 – 30/09/15)	Russell Banks, Head of Assurance
Strategic Risk Monitoring	Strategic risk monitoring report – Quarter 2 (01/07/15 – 30/09/15)	Russell Banks, Head of Assurance
Reconciling Policy, Performance and Resources (RPPR)	To provide the Committee with further information relating to the RPPR process that was requested at the last Committee meeting.	Becky Shaw, Chief Executive
Strategic Workforce Plan and People Strategy	A report on the Strategic Workforce Plan and People Strategy, once they have been agreed and put in place, to help the Committee gain a better understanding of how they will help to develop the required cultural and behavioural changes across the Council necessary to achieve the BSD outcomes.	Kevin Foster, Chief Operating Officer
Annual update on usage of Agency Staff	Annual update on the usage of agency staff at East Sussex County Council and progress on establishing the bank of casual staff.	Kevin Foster, Chief Operating Officer
March 2016		
Internal Audit Progress Report	Internal Audit Progress report – Quarter 3 (01/10/15 – 31/12/15)	Russell Banks, Head of Assurance

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Future committee agenda items		Presenting officer
March 2016		
Strategic Risk Monitoring	Strategic risk monitoring report – Quarter 3 (01/10/15 – 31/12/15)	Russell Banks, Head of Assurance
External Audit Plan 2015/16	Sets out in detail the work to be carried out by the Council's external auditors.	Marion Kelly, Chief Financial Officer, and external auditors
External Audit Report on Grants Claim Certification	External auditors are required to certify certain grant claims; this is an annual report summarising that grant work and highlights the key issues arising.	Marion Kelly, Chief Financial Officer, and external auditors
External Audit Plan for East Sussex Pension Fund 2015/16	To consider and comment upon the External Audit Plan for the East Sussex Pension Fund for 2015/16	Marion Kelly, Chief Financial Officer, and external auditors
Reconciling Policy, Performance and Resources (RPPR)	To provide the Committee with an opportunity to review its input into the RPPR process and suggest improvements to the process.	Becky Shaw, Chief Executive
Atrium Property Asset Management System	An update report on the implementation of the Atrium Property Asset Management System, outlining progress towards adopting the corporate landlord model.	Richard Grass, Assistant Director Property

Current scrutiny reviews and other work underway	Date available
Agile Working Reference Group Reference Group comprising Cllrs Blanch, Barnes, Keeley, Standley and Whetstone that meets with key officers to comment on the progress of the Agile Programme after key stages in the Programme.	**Ongoing**

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Potential future scrutiny work
(Proposals and ideas for future scrutiny topics appear here)

Updates on the progress of the School Risk Review Group

The Committee to be kept informed of how the School Risk Review Group has reduced reputational and financial risk to the Council from schools once its plans have been fully implemented (the Chairs of Audit, Best Value & Community Services Scrutiny Committee and Children's Services Scrutiny Committee to consider how best to scrutinise the work of the School Risk Reviews Group going forward).

Public Health

The Committee to be kept informed of the Public Health Department's one off funding projects.

Background / information reports circulated to the Committee (Items in this list are circulated to Members by email and appear on committee agendas only when proposed for scrutiny by committee members)		Date to be circulated
SPACES Programme	Update report circulated quarterly on the Strategic Property Asset Collaboration in East Sussex (SPACES) Programme	Quarterly
School Risk Review Group's LEA training policy	A briefing on the School Risk Review Group's policy for recruiting and training local education authority (LEA) governors.	January 2015
Update on projects receiving one off funding	To update the Scrutiny Committee on progress in relation to each of the four projects receiving one off funding from the Public Health Grant	January 2015

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Zoom in or out by holding down the Control key and turning the mouse wheel.
CTRL and click on the table of contents to navigate.
Press CTRL and Home key to return to the top of the document
Press Alt-left arrow to return to your previous location.

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EAST SUSSEX COUNTY COUNCIL'S FORWARD PLAN

The Leader of the County Council is required to publish a forward plan setting out matters which the Leader believes will be the subject of a key decision by the Cabinet or individual Cabinet member in the period covered by the Plan (the subsequent four months). The Council's Constitution states that a key decision is one that involves

(a) expenditure which is, or the making of savings which are, significant having regard to the expenditure of the County Council's budget, namely above £500,000 per annum; or

(b) is significant in terms of its effects on communities living or working in an area comprising two or more electoral divisions.

As a matter of good practice, the Council's Forward Plan includes other items in addition to key decisions that are to be considered by the Cabinet/individual members. This additional information is provided to inform local residents of all matters to be considered, with the exception of issues which are dealt with under the urgency provisions.

For each decision included on the Plan the following information is provided:

the name of the individual or body that is to make the decision and the date of the meeting
the title of the report and decision to be considered
groups that will be consulted prior to the decision being taken
a list of other appropriate documents
the name and telephone number of the contact officer for each item.

The Plan is updated and published every month on the Council's web-site two weeks before the start of the period to be covered.

Meetings of the Cabinet/individual members are open to the public (with the exception of discussion regarding reports which contain exempt/confidential information). Copies of agenda and reports for meetings are available on the web site in advance of meetings. For further details on the time of meetings and general information about the Plan please contact Andy Cottell at County Hall, St Anne's Crescent, Lewes, BN7 1SW, or telephone 01273 481955 or send an e-mail to andy.cottell@eastsussex.gov.uk.

For further detailed information regarding specific issues to be considered by the Cabinet/individual member please contact the named contact officer for the item concerned.

EAST SUSSEX COUNTY COUNCIL
County Hall, St Anne's Crescent, Lewes, BN7 1UE
For copies of reports or other documents please contact the officer listed on the Plan or phone 01273 335138

FORWARD PLAN – EXECUTIVE DECISIONS (including Key Decisions) –1 September 2015 TO 31 December 2015
Additional notices in relation to Key Decisions and/or private decisions are available on the Council's website via the following link:
http://www.eastsussex.gov.uk/yourcouncil/about/committees/download.htm

Cabinet membership:

Councillor Keith Glazier - Lead Member for Strategic Management and Economic Development
Councillor David Elkin – Lead Member for Resources
Councillor Chris Dowling – Lead Member for Community Services
Councillor Rupert Simmons – Lead Member for Economy
Councillor Carl Maynard – Lead Member for Transport and Environment
Councillor Bill Bentley – Lead Member for Adult Social Care
Councillor Sylvia Tidy – Lead Member for Children and Families
Councillor Nick Bennett – Lead Member for Learning and School Effectiveness

Date for Decision	Decision Taker	Decision/Key Issue	Decision to be taken wholly or partly in private (P) or Key Decision (KD)	Consultation	List of Documents to be submitted to decision maker	Contact Officer
14 Sep 2015	Lead Member for Transport and Environment	Station Road, Lewes – Experimental Traffic Regulation Order (TRO) To seek approval to advertise an Experimental Traffic Regulation Order to introduce parking restrictions in Station Road, Lewes in support of Lewes Station forecourt improvements scheme.		Local Members	Report, other documents may also be submitted	Andrew Keer 01273 336682
14 Sep 2015	Lead Member for Transport and Environment	Uckfield High Street Improvements - Stage 2 Recommendation to Lead Member for		Local Members	Report, other documents may also be submitted	Elaine Martin 01273 482286

			Uckfield High Street parking duration, use and preferred traffic management solution for Stage 2 following local consultation				
14 Sep 2015	Lead Member for Transport and Environment		Bexhill to Hastings Link Road – Contractual Arrangements for Archaeology Post Excavation Analysis and Assessment To novate the BHLR archaeology subcontract to ESCC	**KD/P**		Report, other documents may also be submitted	Bob Pape 07876878385
14 Sep 2015	Lead Member for Transport and Environment		Notice of Motion: Neonicotinoid Pesticides – submitted by Councillor St Pierre, seconded by Councillor Wallis			Report, other documents may also be submitted	Andy Arnold 01273 481606
14 Sep 2015	Lead Member for Transport and Environment		The Capital Budget for speed Management 2015/2016 Financial Year To approve the sites that have been identified as a priority from the Capital Budget for Speed Management in 2015/2016 based on their contribution to casualty reduction. To update the Lead Member for Transport and Environment on the progress that had been made since the report considered by the Lead Member at his meeting on 27th April 2015. To approve the priority site where safety improvements should be introduced.			Report, other documents may also be submitted	Michael Higgs 01273 482106
14 Sep 2015	Lead Member for Transport and		Your Energy Sussex partnership Change in partnership status: Cabinet			Report, other documents may	Andy Arnold 01273 481606

	Environment	agreed in 2014 for ESCC to join Your Energy Sussex (YES) as a strategic partner. However, on reviewing the partnership agreement that WSCC was asking partner authorities to sign up to, Legal Services have confirmed that ESCC is only able to sign up as an Affiliate partner, not a strategic partner. The report to Lead Member is to seek agreement to join YES as an Affiliate partner.			also be submitted	
15 Sep 2015	Lead Member for Strategic Management and Economic Development	North Bexhill Access Road: Funding Agreement with Seachange Sussex To seek approval for the County Council to enter into a legal agreement to provide a £200,000 grant to Seachange Sussex to enable the ongoing development of the proposals for the North Bexhill Access Road	*KD*	Local Members	Report, other documents may also be submitted	Jonathan Wheeler 01273 482212
22 Sep 2015	Cabinet	Internal Audit Strategy 2015/16 and Annual Plan			Report, other documents may also be submitted	Russell Banks 01273 481447
22 Sep 2015	Cabinet	Waste & Minerals Sites Plan - Regulation 19 Consultation		South Downs National Park Authority and Brighton & Hove City Council	Report, other documents may also be submitted	
22 Sep 2015	Cabinet	Internal Audit: Annual report and opinion			Report and other documents may also be submitted	Russell Banks 01273 481447

Date	Decision Maker	Title		Consultees	Documents	Contact
22 Sep 2015	Cabinet	Council Monitoring Quarter 1 2015/16			Report, other documents may also be submitted	Jane Mackney 01273 482146
22 Sep 2015	Cabinet	Revised Risk Management Strategy			Report, other documents may also be submitted	Russell Banks 01273 481447
28 Sep 2015	Orbis Joint Committee	Orbis Joint Committee Orbis Business Plan: To recommend to Cabinet the business plan for the provision of Business Services in partnership with Surrey County Council	**KD**		Report, other documents may also be submitted	Kevin Foster 01273481412
29 Sep 2015	Lead Member for Resources	Disposal of Mount Denys and Pinehill		Local Members	Report, other documents may also be submitted	Chris Reed 01273336237
29 Sep 2015	Lead Member for Resources	Local Government Association (LGA) Municipal Bonds Agency Participation			Report, other documents may also be submitted	
29 Sep 2015	Lead Member for Resources	Amendment to Legal Documents between ESCC & Saxon Weald Homes Ltd in respect of [1] Gilda Crescent, Polegate [2] St Anthony's, 508 Seaside, Eastbourne & Warwick House, Seaford		Local Members	Report, other documents may also be submitted	Paul McLafferty 01273 335819
29 Sep 2015	Lead Member for Resources	Notice of Motion: Meanwhile use of assets for community benefit			Report, other documents may also be submitted	Richard Grass 01273 335819

Date	Decision Maker	Subject			Documents	Contact
12 Oct 2015	Lead Member for Children and Families	Ongoing Financial Support to Foster Carers who apply for a Special Guardianship Order or an Adoption Order			Report, other documents may also be submitted	Teresa Lavelle-Hill 01323 747197
12 Oct 2015	Lead Member for Learning and School Effectiveness	To consider admission arrangements for 2017/18 year			Report, other documents may also be submitted	Fiona Wright 01273 481231
12 Oct 2015	Lead Member for Learning and School Effectiveness	Area review of school places - stakeholder meetings outcomes & proposals			Report, other documents may also be submitted	Lisa Schrevel 01273 481617
13 Oct 2015	Cabinet	South East 7 Update			Report, other documents may also be submitted	Lee Banner 01273 481857
13 Oct 2015	Cabinet	Treasury management Stewardship report for 2014/15 and Mid Year review for 2015/16		Local Members	Report, other documents may also be submitted	Ola Owolabi 01273 482017
13 Oct 2015	Cabinet	Orbis Business Plan Orbis Business Plan: To approve the business plan for the provision of Business Services in Partnership with Surrey County Council.			Report, other documents may also be submitted	Kevin Foster 01273 481412
19 Oct 2015	Lead Member for Transport and Environment	Current and Future Developments in Highway Asset Management To approve and endorse the new Asset Management policy and strategy in line with Department for Transport capital funding requirements.			Report, other documents may also be submitted	Chris Dyer 01273 482229

19 Oct 2015	Lead Member for Transport and Environment	Energy Recovery Facility, Newhaven - The use of Section 106 financial contributions To approve the proposal to set up a Board, which will include external stakeholders, to determine the future use of S106 contributions. To approve the proposal to set up a Board, which will include external stakeholders, to determine the future use of S106 contributions.	**KD**		Report, other documents may also be submitted	Andy Arnold 01273 481606
19 Oct 2015	Lead Member for Transport and Environment	Provision of an on street advisory disabled bay in Malvern Way, Hastings To consider concerns raised by objector and approve the provision of an advisory disabled parking bay in Malvern Way Hastings		Local Members	Report, other documents may also be submitted	Clare Peedell 01424 726347
19 Oct 2015	Lead Member for Transport and Environment	Petition requesting a more frequent bus service 129 in Winterbourne, Lewes. To consider the response to a petition requesting changes to the timetable of County Council funded bus service 129		Local Members	Report, other documents may also be submitted	Neil Maguire 01273 482147
19 Oct 2015	Lead Member for Transport and Environment	Petition requesting the resecheduling of bus service 7 in Hastings To consider the response to a petition requesting changes to the timetable of County Council funded service 7		Local Members	Report, other documents may also be submitted	Neil Maguire 01273 482147

20 Oct 2015	Lead Member for Resources	Disposal of Homefield Place, Seaford		Local Members	Report, other documents may also be submitted	Chris Reed 01273 336237
20 Oct 2015	Lead Member for Resources	Transaction at Dunbar Drive, Hailsham	**P**	Local Members	Report, other documents may also be submitted	Roger Simmons 01273 335522
10 Nov 2015	Lead Member for Community Services	Changes to Fee Structure for Registration Service Alteration of the prices and fees charged for ceremonies			Report, other documents may also be submitted	Julie Stevens 01273 336672
12 Nov 2015	Lead Member for Learning and School Effectiveness	Consultation on Discretionary Home to School Transport, final decision			Report, other documents may also be submitted	Sara Candler 01273 336670
15 Dec 2015	Cabinet	Highways and Infrastructure Services Contract 2016 – 2023 To inform Cabinet of the outcome of the tender process to procure a new highway services contract and recommended award to the preferred tender contractor			Report, other documents may also be submitted	Dale Poore 01273 481916
15 Dec 2015	Cabinet	Libraries' Transformation Programme			Report, other documents may also be submitted	Councillor Laurence Keeley 01323 832660