



CABINET

TUESDAY, 28 JUNE 2016

10.00 AM, COUNCIL CHAMBER, COUNTY HALL, LEWES

MEMBERSHIP - Councillor Keith Glazier (Chair)
Councillors Nick Bennett, Bill Bentley, Chris Dowling, David Elkin (Vice Chair), Carl Maynard, Rupert Simmons and Sylvia Tidy

A G E N D A

- 1 Minutes of the meeting held on 24 May 2016 (*Pages 3 - 4*)
- 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 Council Monitoring Report - end of year 2015/16 (*Pages 5 - 56*)
Report by Chief Executive
- 6 Reconciling Policy Performance and Resources - State of the County (*Pages 57 - 118*)
Report by Chief Executive
- 7 Any other items considered urgent by the Chair
- 8 To agree which items are to be reported to the County Council

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20 June 2016

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CABINET

MINUTES of a meeting of the Cabinet held on 24 May 2016 at Council Chamber, County Hall, Lewes

PRESENT Councillors Keith Glazier (Chair)
 Councillors Nick Bennett, Bill Bentley, Chris Dowling, David Elkin (Vice
 Chair), Carl Maynard, Rupert Simmons and Sylvia Tidy

Members spoke on the items indicated

Councillor Davies	- item 5 (minute 3)
Councillor Keeley	- item 5 (minute 3)
Councillor Shuttleworth	- Item 5 (minute 3)
Councillor Tutt	- item 6 (minute 4)
Councillor Ungar	- items 5 and 6 (minutes 3 and 4)
Councillor Webb	- Items 5 and 6 (minutes 3 and 4)

1 MINUTES OF THE MEETING HELD ON 26 APRIL 2016

1.1 The minutes of the meeting held on 26 April 2016 were agreed as a correct record

2 REPORTS

2.1 Copies of the reports referred to below are included in the minute book

3 PRINCIPLES AND CHARACTERISTICS FOR A LOCAL ACCOUNTABLE CARE MODEL

3.1 The Cabinet considered a report by the Director of Adult Social Care and Health

3.2 It was RESOLVED to:

1) agree to the development of the detailed full business case for Accountable Care in East Sussex, which will be reported to Cabinet in November 2016; and

2) agree the proposed principles and characteristics for a local Accountable Care model as set out in the report as the framework for evaluating the options

Reason

3.3 The initial phase of work highlights that there is strong agreement and appetite across our local system to explore and design an Accountable Care model appropriate for East Sussex, as the best way to achieve the best possible outcomes with the resources we have jointly available. Senior officers and clinicians from East Sussex Healthcare NHS Trust and Sussex Partnership NHS Foundation Trust have participated in initial discussions alongside the Council, Eastbourne, Hailsham and Seaford and Hastings and Rother Clinical Commissioning Groups, and the Local Medical Committee and Healthwatch East Sussex have also been involved. There has also been initial endorsement from the Health and Wellbeing Board and East Sussex Better Together Scrutiny Board. The Cabinet has therefore agreed the move to the next phase of the detailed business case development, with the principles and characteristics set out in the report being used as the framework for evaluating the options for the local model.

4 PUBLIC HEALTH GRANT 2016/17 AND BUDGET UPDATE

4.1 The Cabinet considered a report by the Director of Adult Social Care and Health.

4.2 It was RESOLVED to:

1) note the 2016/17 Public Health Grant allocation; and

2) agree the revised allocation of Public Health savings as set out in Appendix 1 of the report.

Reason

4.3 This revenue budget income is ring fenced for a specific purpose and does not raise additional commitments for future years beyond 2017/18. The Cabinet has agreed the allocation of this funding for 2016/17, within the parameters of the funding conditions. Performance targets for the year will take into account the additional funding.

5 ITEMS TO BE REPORTED TO THE COUNTY COUNCIL

5.1 The Cabinet agreed that item 5 should be reported to the County Council

[Note: The item being reported to the County Council refers to minute number 3]

Report to: Cabinet
Date: 28 June 2016
Report by: Chief Executive
Title: Council Monitoring Report – end of year 2015/16
Purpose: To report Council Plan and Finance monitoring for the full year 2015/16

RECOMMENDATIONS

Cabinet is recommended to note the latest monitoring position for the Council.

1. Introduction

1.1 This report sets out the Council's position and year end provisional outturns for the Council Plan targets, Revenue Budget, Capital Programme, Savings Plan, together with Risks at the end of March 2016.

1.2 Broad progress against the Council's four strategic priority outcomes is summarised below and an overview of performance and finance data including the full savings plan is provided in the Corporate Summary at Appendix 1. Strategic risks are reported at Appendix 7. Detailed reports for each department are provided in Appendices 2 to 6.

2. Overview of 2015/16 Council Plan

2.1 100% (4,482) of working age adults and older people receiving our support, and 100% (3,297) of carers, received self-directed support. 66,453 premises were able to be connected to improved broadband speeds by the end 2015/16, with 82% able to receive speeds of 24 mbps and above. 1,995 people were referred to the Memory Assessment Service. 81% of eligible two year olds took up a place for free early education entitlement with an eligible provider, the national rate was 74%. A 3SC (Three Southern Counties partnership for devolution) Leaders' Seminar took place on 8 April 2016 bringing together, for the first time, all of the Leaders and Chief Executives of the 26 Councils in the 3SC area and representatives of the East Sussex Fire Authority, the South Downs National Park Authority and the three Local Enterprise Partnerships which cover the area. Orbis Public Law was launched in April 2016. We have gone 'paperless' for all council meetings from April 2016. The rate per 10,000 children (aged 0-17) with a Child Protection (CP) Plan has reduced to 43.8 (462 children), while the rate for Looked After Children (LAC) has reduced from 52.2 (550 children) to 51.6 (544 children). As part of East Sussex Better Together (ESBT) locality managers for the new Integrated Health and Social Care Locality Teams took up their roles from 01/04/2016.

2.2 More detail of progress against each of our priority areas is set out at paragraph 3 below. 68 performance targets are reported at year end: 48 (71%) were achieved, 16 (23%) were not achieved and 4 (6%) are carried over for reporting in Q1 2016/17, because year-end outturn data is not yet available. 49 can be compared to previous years. Of these, 31 (63%) improved, 6 (12%) showed no change, 8 (17%) deteriorated and 4 (8%) are carried over for reporting at Q1 2016/17.

2.3 At the end of the year the net service overspend was £0.7m compared to the £0.3m reported at quarter 3. There are, therefore, no new material variations to report. Some savings plans have been amended during the year following consultation or where circumstances changed. All these changes and mitigations were reported to Cabinet and discussed with the relevant scrutiny committee. In Children's Services and Business Services departments this proved to be the case for a proportion of the savings requirement, but permanent savings have been found which have allowed the departments to meet the level of their planned savings. In the Communities, Economy and Transport Department, the delay to the start of the highways contract meant that planned savings slipped and the failure of the waste contract to meet expected recycling rates resulted in a shortfall. The shortfall was offset by a number of other savings including use of the waste reserve.

2.4 For Adult Social Care (ASC) the policy changes which were implemented during the year achieved their expected impact, but these cost reductions were more than offset by an increase in the numbers of people needing a service and the greater complexity of need for both new and existing clients. The East Sussex Better Together (ESBT) Programme Board agreed the deployment of the Better Care Fund (BCF) contingency to help fund the impact of this growth in demand. The allocation from the BCF acknowledges pressure across the whole system and the need for social care to reduce pressure on health care by increasing diversion from hospital care, supporting more complex cases in the community and enabling higher levels of discharge from hospital. The longer term implications of this approach will be addressed through the East Sussex Better Together Programme and future use of the BCF. The Council has added to the base budget for ASC for 2016/17 to take account of 2015/16 pressures, however, more growth in demand will bring similar issues in 2016/17, as referred to in the February 2016 RPPR Cabinet report. Dealing with this growth sustainably in the long term is one of the key goals of the ESBT programme for full integration of health and social care. Work is underway within ASC and more widely in “Single Investment Planning” within ESBT to seek to address this pressure.

2.5 In addition, there is a reduction in income for the Council's share of the East Sussex Business Rates Pool, Business Rate Retention and Educational Services Grant of £0.5m, a further £0.1m reduction from that reported at quarter 3. This combined with the projected underspend of £4.5m, comprising unused general contingency and inflation provision, means that there is an overall net projected underspend of £3.3m. As previously agreed at quarter 3 the net underspend will be held in reserve to support the Capital Programme 2018-23.

2.6 The value of debt over 5 months at quarter 4 is £2.19m. This is a reduction of £0.3m when compared to quarter 4 2014/15 outturn of £2.49m. The reduction is mainly due to the continued focus on aged debt monitoring.

2.7 The quarter 4 capital programme is monitored against the revised programme submitted to the Council in February; together with some minor net nil approved variations. The forecast spending for the year is projected at £132.4m against a budget of £151.4m, a variation to gross budget of £19m. Most of the variation is attributed to slippage of £22.5m, offset by £4.6m spend in advance mainly on schools basic need. The programme has further been reduced by a £1.1m reduction in developer contributions, however this is net nil overall. The main areas of slippage are £4.1m on Broadband (xi app 5), £2.9m on the Bexhill Hastings Link Road (xii app 5), £2.9m on Schools Basic Need (xiii app 4), £2.3m for Integrated Transport (xvii app 5), £1.2m on Capital Building Improvements (v app 3) and £1.1m for Agile (iv app 3).

2.8 The Strategic Risk Register, Appendix 7, has been reviewed. Risk 1 (Roads), Risk 3 (Care Act), risk 4 (Health), risk 5 (Resource), risk 6 (Local Economic Growth), risk 8 (Capital Programme) and risk 9 (Workforce) all have amended risk control responses. The post mitigation score for risk 3 (Care Act) has also been reduced from 4 to 2 so this risk now falls under the green ‘low’ risk category. No new risks have been added and no existing risks have been removed from the register for this review.

3. Progress against Council Priorities

Driving economic growth

3.1 Since the Bexhill Hastings Link Road (Combe Valley Way) opened to traffic on 17 December 2015 there have been a number of benefits; such as reduced journey times to the Conquest Hospital; and the whole of Glovers House, the first building on the new Bexhill Enterprise Park, being let. The contractor has begun additional work to complete the Greenways and it is anticipated these will be open to pedestrians, cyclists and equestrians in spring 2016. (Appendix 5)

3.2 We have made good progress in areas contributing to the East Sussex Growth Strategy during 2015/16. Over 66,000 premises have access to improved broadband speeds, with 82% able to receive speeds of 24 mbps or above. The Business East Sussex (BES) service and website has been fully implemented, with over 250 businesses receiving support since it was launched, over £1m of extra funding has been provisionally secured to continue and expand the

Growth Hub. 57 Apprentices were recruited over the year, 26 in the Council and 31 in schools. (Appendix 5)

3.3 The rate of young people participating in education, training or employment with training has improved for academic age 16 (year 12) and academic age 17 (year 13) for Looked After Children (LAC) and for young people. In academic year 2014/15 the percentage point gap between the lowest achieving 20% of Early Years Foundation Stage profile and the rest has narrowed by four percentage points to 25.5% which is narrower than the national average of 32.1%. For pupils achieving 5 A* - C GCSEs or equivalent including English and maths the percentage point gap was 31.2% compared to the national average of 28.3%. (Appendix 4)

Keeping vulnerable people safe

3.4 The rate per 10,000 children (aged 0-17) with a CP Plan has reduced to 43.8 (462 children) against a target of 44.7 (471 children) demonstrating sustained improvement as a result of steps introduced as part of the CP action plan to safely reduce the number of children with a CP Plan, which was developed in 2014/15. The rate per 10,000 (of 0 – 17 population) of LAC has reduced from 52.2 (550 children) to 51.6 (544 children), this is below the IDACI expected rate of 57.4 for 2015. (Appendix 4)

3.5 For adoption the average time between a child entering care and moving in with its adoptive family for the three year period 2012 – 15 was 520 days. This is below the national average of 593 days and East Sussex is ranked 5th against Statistical Neighbours. (Appendix 4)

3.6 This year, 33 women have received a full service offer from the Foundations Project, which works with women who have previously had children removed from their care. 60% (20/33) of women engaged with Foundations reported improved mental health, and take up of effective contraception has been good. (Appendix 4)

3.7 The new Specialist Domestic and Sexual Abuse Service led by RISE (Refuge, Information, Support and Education) in partnership with Survivors Network and the Crime Reduction Partnership (CRI) was launched in January 2016 and a range of promotional materials are being developed and distributed. (Appendix 2)

Helping people help themselves

3.8 Figures for January to December 2015 (pending DfT validation) show that there were 348 people Killed or Seriously Injured (KSI) on East Sussex roads, with 22 being fatalities. The KSI rate is a decrease of 10.3% compared to 2014, and 8% less when compared to the 2005-2009 average. Fatalities were significantly less than the 2005-2009 average of 33 per year but an increase on 2014 when there were 16. (Appendix 5)

3.9 Construction of School Safety Zones have been completed at Heathfield Community College and Ratton School in Eastbourne. Further design work is required for schemes at St Richards Catholic College in Bexhill and Christ Church CE school in St Leonards. (Appendix 5)

3.10 East Sussex, as part of a South East Collaborative, is one of the 27 first wave areas in England to offer the world's first nationwide Diabetes Prevention Programme. People in East Sussex identified at high risk of Type 2 diabetes will be invited to join a programme helping them to avoid developing the condition by changing their lifestyles. (Appendix 2)

Making best use of resources

3.11 Eight Member workshops were held in March and several Members were supported to get the best from their technology, with some being allocated updated equipment. This has enabled the Council to go 'paperless' for all Council meetings from 1 April 2016 (Appendix 6)

3.12 The Inter Authority Agreement, which provides the legal basis for the Orbis partnership and will form the contract between East Sussex County Council (ESCC) and Surrey County Council, has now been signed. We are also collaborating with Brighton and Hove City Council to integrate them into the Orbis partnership as the due diligence process continues. (Appendix 3)

3.13 14 projects have been achieved across the SPACES partnership in 2015/16, with three happening in quarter 4. Lewes District Council, Sussex Police and ESCC registration services

have moved to Hastings Town Hall; South East Coast Ambulance Services are now co-located with Sussex Police in Seaford; and Saxon House in Newhaven has opened, which contains East Sussex Fire & Rescue Service (with the Fire Station service moving from Fort Road in Newhaven). (Appendix 3)

3.14 There has been a 5.7% reduction in our carbon emissions in 2015/16, due to improved energy efficiency. Projects undertaken include the new boilers installed at County Hall, three solar PV schemes and various improvements to the efficiency of buildings. (Appendix 3)

3.15 During 2015/16, 46% (£187m) of procurement spend was with local suppliers (against our target of 45%). We engaged with local businesses through the Build East Sussex network and supporting event in February, creating a large amount of interest through social media feeds. We are continuing to promote and support the development of the South East Shared Services E-Procurement Portal, a collaboration between public sector authorities in the South East region to provide a simple, secure and efficient way for managing sourcing and quotation activities, reducing time and cost for buyers and suppliers. (Appendix 3)

Becky Shaw, Chief Executive

How to read this report

This report integrates monitoring for finance, performance and risk. The contents of the report are as follows:

- Cover report
- Appendix 1 Corporate Summary
- Appendix 2 Adult Social Care
- Appendix 3 Business Services
- Appendix 4 Children's Services
- Appendix 5 Communities, Economy and Transport
- Appendix 6 Governance
- Appendix 7 Strategic Risk Register

Cover report, Appendix 1

The cover report and Appendix 1 provide a concise corporate summary of progress against our Council Plan Targets, Revenue Budget, Savings Targets, and Capital Programme.

The cover report highlights a selection of key topics from the departmental appendices, for the four Council priorities:

- driving economic growth;
- keeping vulnerable people safe;
- helping people help themselves; and
- making best use of resources.

More information on each of these topics is provided in the relevant departmental appendix referenced in brackets, e.g. (Appendix 2). More detailed performance and finance data is also available in the departmental appendices.

Departmental Appendices 2 - 6

The departmental appendices provide a single commentary covering issues and progress against key topics for the department (including all those mentioned in the cover report). This is followed by data tables showing progress against Council Plan Targets, Savings Targets, Revenue Budget, and Capital Programme for the department.

For each topic, the commentary references supporting data in the tables at the end of the appendix, e.g. **(ref i)**. The tables include this reference in the 'note ref' column on the right hand side. Where the commentary refers to the Revenue Budget or Capital Programme, it may refer to all or part of the amount that is referenced in the table, or it may refer to several amounts added together.

Strategic Risk Registers Appendix 7

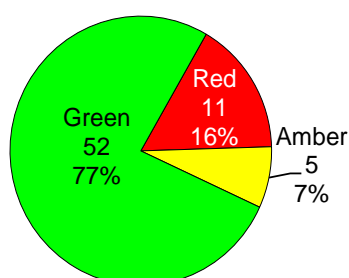
Appendix 7 contains commentary explaining mitigating actions for all Strategic Risks.

Council Monitoring Corporate Summary – end of year 2015/16

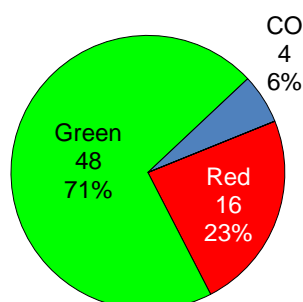
Council Plan performance targets

Priority	Total	Red	Green	Carry Over
Driving economic growth	32	9	23	0
Keeping vulnerable people safe	11	1	8	2
Helping people help themselves	20	4	14	2
Making best use of resources	5	2	3	0
Total	68	16	48	4

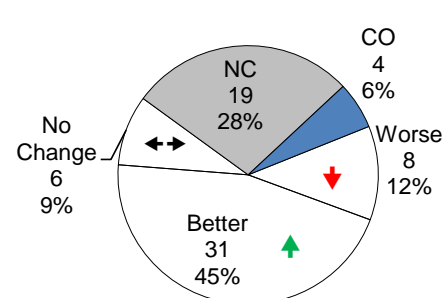
Q3 2015/16



Q4 2015/16



Direction of travel since 2014/15



Council Plan outturn summary all measures

(For targets not achieved commentary is provided in the relevant departmental appendix)

All 68 Council Plan target outturns are reported below. Targets not achieved are highlighted in red; targets achieved are reported below without highlighting; Carry Overs for reporting at Q1 2016/17 are highlighted in blue. Where available, performance improvement relative to 2014/15 is given under Direction of Travel. Those marked NC are where 2015/16 outturns are not comparable with 2014/15 outturns.

For red outturns detailed information is in the department appendices for new exceptions at Q4; details for earlier exceptions can be found in the referenced appendices of Q1-Q3 monitoring.

Direction of Travel key:

No change: ↔	Not Comparable: NC	Carry Over: CO	Worse: ↓	Improved (or at maximum): ↑
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Driving economic growth – outturn summary

Dept	Performance Measure	Outturn 2014/15	Target 2015/16	Outturn 2015/16	Direction of Travel
BSD	Percentage of new County Council procured contracts awarded following a tender process, that include an Employability and Skills Plan	N/A	60%	42% See Q3 appendix 3	NC
CET	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	£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	£809k has been committed to 33 businesses to create or protect 150 jobs	NC

Driving economic growth – outturn summary (continued)					
Dept	Performance Measure	Outturn 2014/15	Target 2015/16	Outturn 2015/16	Direction of Travel
CET	Increase inward investment	10 businesses committed to or relocated to East Sussex	12 businesses committed to or relocated to East Sussex (N.B. year runs May 2015 - May 2016)	13 businesses committed to or relocated to East Sussex	↑
CET	Develop a 'Prospectus' for East Sussex with key partners	Held initial discussions with key partners	Identify potential for image creation for East Sussex with partners and Prospectus complete	Work developed but Prospectus not completed See Q3 appendix 5	NC
CET	Establish the East Sussex Growth Hub as the new 'one stop shop' for business support in the county	N/A	'Initial Business East Sussex (BES) service set up by end June 2015 Set targets with service provider June 2015	Growth Hub - Business East Sussex (BES) service and website fully implemented. Service performing well against targets	NC
CET	Complete the Bexhill to Hastings Link Road	Construction continued but completion delayed	Road constructed and open for use 2015	Road constructed and open for use December 2015	↑
CET	Percentage of principal roads requiring maintenance	5%	8%	8%	↓
CET	Percentage of non-principal roads requiring maintenance	9%	9%	9%	↔
CET	Percentage of unclassified roads requiring maintenance	22%	22%	22%	↔
CET	Deliver pedestrian improvements in Terminus Road (Eastbourne) using 'Shared Space' concepts to coincide with opening of the new Arndale Centre	The scheme design continues to progress well. However contract has not been awarded	Commence the contract procurement process	Contract prepared ready for tender process to commence in spring 2016	↑
CET	Number of new apprenticeships with the County Council	16 ESCC 16 Schools	Workforce planning review to identify target number of apprenticeships	Target set at 56 26 ESCC and 31 Schools = 57 new apprenticeships	↑
CET	Percentage of apprentices retained in their apprenticeship placement and/or moving into alternative training or paid employment	N/A	60%	93%	NC

Driving economic growth – outturn summary (continued)					
Dept	Performance Measure	Outturn 2014/15	Target 2015/16	Outturn 2015/16	Direction of Travel
CET	Deliver the new Employability and Skills Strategy: East Sussex business sector skills evidence base developed	N/A	First tranche of priority sectors identified	Priority sectors identified and report now live online	NC
CET	Number of young people completing work readiness courses with the County Council	N/A	60	49 See Q4 appendix 5	NC
CET	Deliver major transport infrastructure – Queensway Gateway Road	A scheme design has been developed and agreed	Commence construction	Enabling works commenced	↑
CET	Number of additional premises with improved broadband speeds (65,500 by March 2016)	48,309 premises	30,500 premises (65,500 by March 2016)	66,453 premises	↑
CET	Report progress on the level of broadband improvement in the Intervention Area	As at 31.12.14 over 15,000 premises receiving speeds of 24mbps or above, only 2211 receiving less than 24mbps	Report build phase 3 - 9: number of premises with broadband speed achieved	Of the 66,453 premises, 82% able to receive speeds of 24 mbps or above	↑
CET	The number of people attending Trading Standards business workshops	N/A	180	477	NC
CET	Deliver major transport infrastructure – Newhaven Port Access Road	Detailed design delayed due to uncertainties over DfT approval process for LGF (external) funding for schemes	Business case approved	The Business Case has been delayed due to difficulties in agreeing its scope with DfT See Q2 appendix 5	↔
CET	Promote the successful recruitment of people with learning/physical disabilities	Review by National Development Team for Inclusion completed and report received July 2015	Review of current & past provision undertaken and a model for ESCC delivery developed	Review of current and past provision completed Model for ESCC not developed and measure will not be carried forward See Q3 appendix 5	NC
CET	In partnership with Learndirect and other funding organisations provide online learning (including skills for life and ICT courses) in libraries (subject to contract)	431 courses completed	270 courses completed	376 courses completed	↓
CET	Deliver Cultural Destinations Action Plan as resources are secured	Action Plan agreed	Secure investment to deliver action plan	Funding secured	↑

Driving economic growth – outturn summary (continued)					
Dept	Performance Measure	Outturn 2014/15	Target 2015/16	Outturn 2015/16	Direction of Travel
CS	Proportion of Looked After Children (LAC), who achieve 5 or more A*-C GCSEs including English and maths	Ac Year 2013/14: 12.5% National average: 12.0%	Ac Year 2014/15 Equal to or above the national average for LAC	Ac Year 2014/15: 8.9% National: 13.8% See Q2 appendix 4	↓
CS	The percentage of Looked After Children (LAC) participating in education, training or employment with training at academic age 16 (Year 12)	80%	84%	89%	↑
CS	The percentage of Looked After Children (LAC) participating in education, training or employment with training at academic age 17 (Year 13)	69%	70%	70%	↑
CS	The percentage of eligible 2 year olds who take up a place with an eligible early years provider	78.1% National average 62%	At or above the national average	80.84% National Average 74%	↑
CS	The percentage of pupils achieving a “good level of development*” at the Early Years Foundation Stage * meeting the expected or exceeding the Early Learning Goal in all 3 prime areas of learning (personal, social and emotional development; physical development; and communication and language) and in 2 specific areas of maths and literacy	Ac year 2013/14: 66% National average: 60%	Academic Year 2014/15 Above the national average	74.3% National average: 66.3%	↑
CS	The percentage point gap between pupils eligible for Pupil Premium achieving at least level 4 in reading, writing and maths combined at Key Stage 2, and their peers	Ac year 2013/14: 17.9% National average: 16.1%	Academic Year 2014/15 At or below the national average	16% National average: 15% See Q3 appendix 4	↑
CS	Proportion of pupils in all schools who achieve 5 or more A*- C grades at GCSE or equivalent including English and maths	Ac Year 2013/14: 53.2% National average: 56.8%	Academic Year 2014/15 60%	56.3% See Q2 appendix 4	↑
CS	The percentage point gap between pupils eligible for Pupil Premium achieving 5+ A*-C grades at GCSE or equivalent, including English and maths, and their peers	Ac year 2013/14: 27.4% National average: 27.5%	Academic Year 2014/15 At or below the national average	31.2% National average: 28.3% See Q4 appendix 4	↓
CS	The percentage of young people meeting the duty of Raising the Participation Age (RPA) by either participating in education, training or employment with training or undertaking re-engagement provision at academic age 16 (Year 12)	96%	96%	96%	↔
CS	The percentage of young people meeting the duty of RPA by either participating in education, training or employment with training or undertaking re-engagement provision at academic age 17 (Year 13)	88%	87%	88.4%	↑

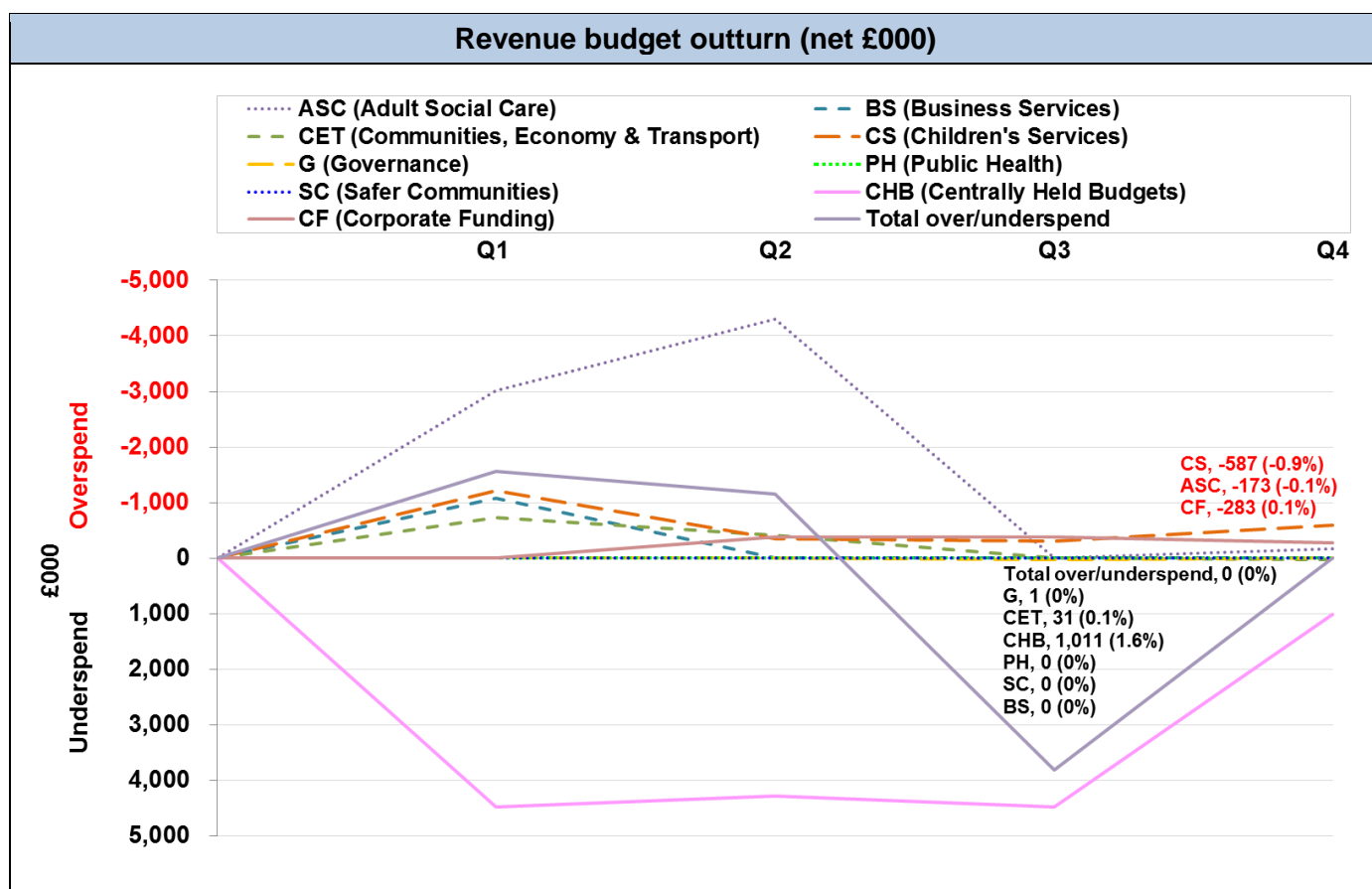
Keeping vulnerable people safe – outturn summary					
Dept	Performance Measure	Outturn 2014/15	Target 2015/16	Outturn 2015/16	Direction of Travel
ASC	Number of carers known to Adult Social Care (those assessed, reviewed, and/or receiving a service during the year)	6,936	Re-establish baseline in light of Care Act	7,626 carers known to Adult Social Care	↑
ASC	National outcome measure: The proportion of people who use services who say that those services have made them feel safe and secure (Adult Social Care Survey)	84.3%	84%	87%	↑
ASC	Improve safeguarding through completing Performance & Quality Assurance Framework based reviews	6 team/area based reviews	Complete 6 team/area reviews	6 team/area based reviews	↔
ASC	Monitor the new local safeguarding outcome measure	203 outcomes identified: 127 (63%) met, 37 (18%) partially met, 39 (19%) not met	81% of outcomes either met or partially met	99% of outcomes either met or partially met	↑
ASC	The percentage of Independent Domestic Violence Advisor (IDVA) service users who feel confident asking for help and support when they need it	New measure	80%	CO	CO
ASC	Percentage of Independent Sexual Violence Advisor (ISVA) service users who feel confident asking for help and support when they need it	New measure	80%	CO	CO
CET	The number of positive interventions made to chronic victims or targets of mass marketing fraud	N/A	Establish baseline	129 positive interventions	NC
CET	The percentage of contacts responded to with a positive intervention from the Trading Standards Rapid Action Team	N/A	Establish baseline	100%	NC
CS	Rate per 10,000 (of 0-17 population) of children with a Child Protection Plan	44.7	44.7	43.8	↑
CS	Average time between a child entering care and moving in with its adoptive family, for children who have been adopted (days)	3 year average (11-14) 536 days (National average 628 days)	Less than or equal to national threshold (487 days)	520 days See Q4 appendix 4	↑
CS	Rate per 10,000 (of 0-17 population) of Looked After Children (LAC)	52.2	52.2	51.6	↑

Helping people help themselves – outturn summary					
Dept	Performance Measure	Outturn 2014/15	Target 2015/16	Outturn 2015/16	Direction of Travel
ASC	Increase the number of people accessing information and advice about services through: Increasing the number of services registered on East Sussex 1Space	1,874 service entries on 1Space across 1,798 organisations Exceeds the target figure for 2014/15	250 additional services registered	276 additional services registered	NC
ASC	Increase the number of people accessing information and advice about services through: Increasing the number of people accessing information and advice through East Sussex 1Space website	43,511 visits to 1Space (28% repeat visitors, 72% new visitors)	20% increase on 2014/15 outturn (52,213 visits)	72,031 visitors to 1Space	↑
ASC	Increase the number of people accessing information and advice about services through: Increasing the number of providers registered with Support with Confidence	141 providers	10% increase on 2014/15 outturn (155 providers)	146 providers See Q4 appendix 2	↑
ASC	National outcome measure: Proportion of working age adults and older people receiving self-directed support (new zero based review measure for people in receipt of long-term support)	100%	100%	100%	↑
ASC	National outcome measure: Proportion of working age adults and older people receiving direct payments (new zero based review measure for people in receipt of long-term support)	42%	45%	35.6% See Q4 appendix 2	↓
ASC	The proportion of people who received short-term services during the year, where no further request was made for ongoing support	88.8%	88%	88.3%	↓
ASC	East Sussex Better Together: Design and implement an Integrated Strategic Commissioning Framework (Including Co-Commissioning)	N/A	i) Commissioning structure implemented in shadow form by June 2015 ii) Integrated commissioning framework developed by September 2015	The integrated commissioning framework has been developed	NC
ASC	East Sussex Better Together: Develop and implement Health and Social Connect (HSCC)	N/A	HSCC implemented by April 2016	HSCC implemented	NC

Helping people help themselves – outturn summary (continued)

Dept	Performance Measure	Outturn 2014/15	Target 2015/16	Outturn 2015/16	Direction of Travel
ASC	East Sussex Better Together: Introduce locality Community Health and Social Care Teams	N/A	Full implementation of delivery model by April 2016	Locality Managers are in place to take up their new role from 01/04/16 across the 6 localities	NC
ASC	Number of people receiving support through 'STEPS to stay independent'	2297 (STEPS West 1,501 and STEPS East 796)	1,700	2,813	↑
ASC	Increase the number of people referred to the Memory Assessment Service	1,995	1,610 people referred to the Memory Assessment Service	1,717	↓
ASC	Number of adults with a Primary Support Reason of Learning Disability in paid or voluntary employment	Revised measure	261	281	NC
ASC	NHS Health Checks: Percentage of the eligible population offered an NHS Health Check	26.20%	20%	CO	CO
ASC	Smoking Cessation: Number of persons attending East Sussex NHS Stop Smoking Services who quit smoking four weeks after setting a quit date	3,287	3% increase on 2014/15 outturn	CO	CO
ASC	Access to Genito-Urinary Medicine (GUM) clinics: Percentage of First Attendances seen within 2 working days	97.5%	95%	96.9%	↓
CET	40% reduction in the number of people killed or seriously injured (KSI) on the 2005/09 average by 2020 (no more than 227 KSI casualties)	388 (provisional)	Fewer than 305 KSI casualties	348 KSI casualties See Q3 appendix 5	↑
CET	Implement School Safety Zones to cover schools rated as high priority	2 zones completed	Implement School Safety Zones at four schools	2 zones completed See Q4 appendix 5	↔
CS	Percentage of annual Special Educational Needs review meetings where the child gave their view and/or participated	88.3%	90%	90.1%	↑
CS	The proportion of respondents to the feedback surveys who agree that things have changed for the better as a result of getting 1:1 targeted support from Early Help services* (*defined as Children's Centre Keyworkers, Family Support Keyworkers, and Targeted Youth Keyworkers and 1:1 case-holders)	80%	80%	90%	↑
CS	Number of households eligible under the government's Troubled Families programme receiving a family support intervention	491 (1,294 for the 3 year period April 12 - March 15)	757 (3,570 for the 5 year period April 15 - March 20)	895	↑

Making best use of resources – outturn summary					
Dept	Performance Measure	Outturn 2014/15	Target 2015/16	Outturn 2015/16	Direction of Travel
BSD	Increase the percentage of Council procurement spend with local suppliers	41%	45%	46%	↑
BSD	IT business systems support the needs and priorities of the organisation. Percentage of targeted applications achieving top quartile efficiency	N/A	25%	The attempt to apply the business value measure to the Council's IT Applications proved to be too theoretical as the refreshed Application Strategy evolved and does not sufficiently determine how and where systems provide value to the Council See Q3 appendix 3	NC
BSD	Develop an asset investment strategy based on a balanced portfolio approach that will provide an annual income for the Council	N/A	Strategy in place and income targets set	Target not met, timeline reviewed and revised completion date set for September 2016 See Q2 appendix 3	NC
BSD	Facilities management - Cost of occupancy of corporate buildings per sq metre	N/A	Establish baseline	A baseline has been established	NC
BSD	Number of working days lost per FTE (Full Time Equivalent) employee due to sickness absence in non-school services	10.23	9.24	9.09	↑



Revenue budget summary

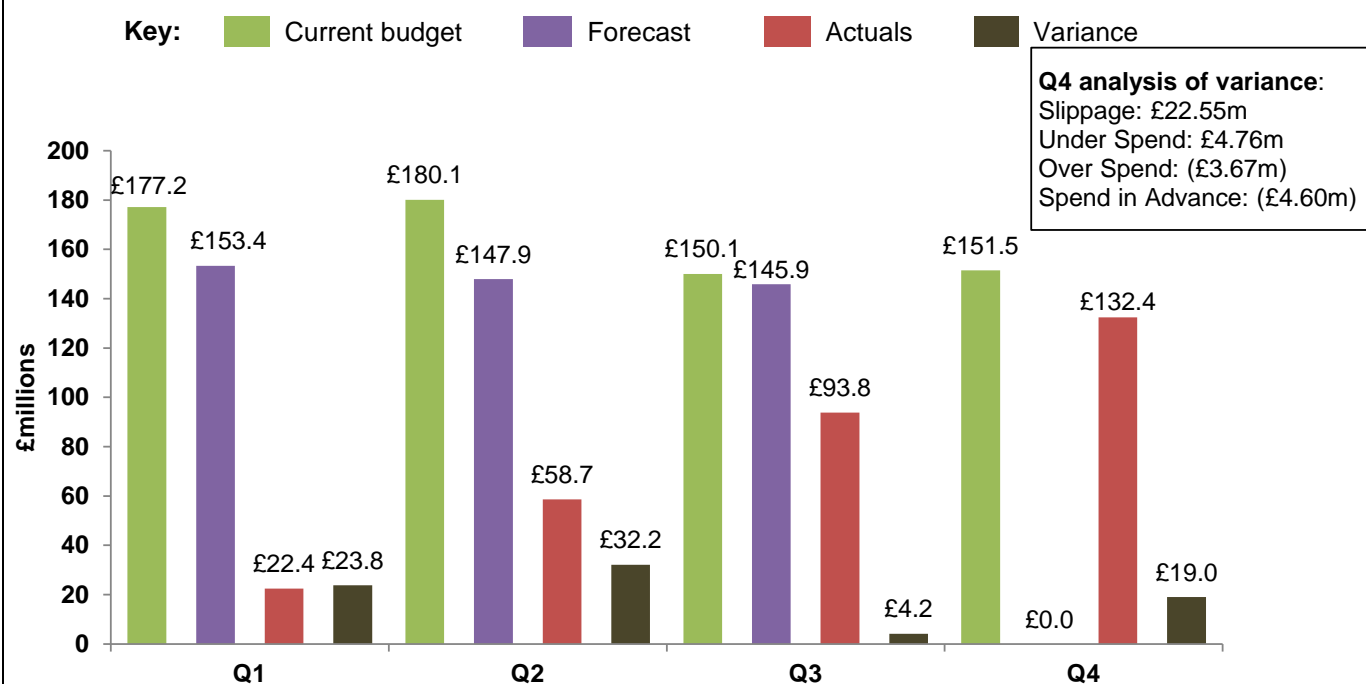
There is an underspend of £3.301m made up as follows:

	Q4 £000	Q3 £000
Net Service Overspend	(728)	(282)
General Contingency Underspend	3,255	3,500
Unused Inflation (as highlighted at February 2016)	976	976
Reduced Corporate Funding	(283)	(376)
Other	81	-
Total Underspend	3,301	3,818

This will be transferred to the Capital Programme to fund the 2018/23 programme, as agreed at Q3.

Revenue budget summary (£000)									
	Planned (£000)			2015/16 (£000)					
				End of year outturn			(Over) / under spend		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
Service Expenditure									
ASC	224,525	(67,355)	157,170	228,166	(70,823)	157,343	(3,641)	3,468	(173)
Safer Communities	753	(337)	416	753	(337)	416	-	-	-
Public Health	26,073	(26,073)	-	26,073	(26,073)	-	-	-	-
BSD	56,163	(35,995)	20,168	57,805	(37,637)	20,168	(1,642)	1,642	-
CSD	329,874	(265,006)	64,868	331,582	(266,127)	65,455	(1,708)	1,121	(587)
CET	109,041	(50,816)	58,225	134,940	(76,746)	58,194	(25,899)	25,930	31
GS	8,600	(1,139)	7,461	9,392	(1,932)	7,460	(792)	793	1
Total Service Spend	755,029	(446,721)	308,308	788,711	(479,675)	309,036	(33,682)	32,954	(728)
Centrally Held Budgets									
Treasury Management	30,566	-	30,566	30,566	-	30,566	-	-	-
Funding Cap Prog.	16,607	-	16,607	19,908	-	19,908	(3,301)	-	(3,301)
General Contingency	3,298	-	3,298	43	-	43	3,255	-	3,255
Unused Inflation	976	-	976	-	-	-	976	-	976
Pensions	5,479	-	5,479	5,479	-	5,479	-	-	-
Contrib. to Reserves	4,542	-	4,542	4,542	-	4,542	-	-	-
Corporate Grants	-	(58)	(58)	-	(158)	(158)	-	100	100
Levies	432	-	432	432	-	432	-	-	-
Other	-	-	-	19	-	19	(19)	-	(19)
Total Centrally Held	61,900	(58)	61,842	60,989	(158)	60,831	911	100	1,011
Total	816,929	(446,779)	370,150	849,700	(479,833)	369,867	(32,771)	33,054	283
Corporate Funding									
Business Rates	-	(70,785)	(70,785)	-	(70,483)	(70,483)	-	(302)	(302)
Revenue Support Grant	-	(65,093)	(65,093)	-	(65,112)	(65,112)	-	19	19
Council Tax	-	(231,775)	(231,775)	-	(231,775)	(231,775)	-	-	-
New Homes Bonus	-	(2,497)	(2,497)	-	(2,497)	(2,497)	-	-	-
Total Corporate Funding	0	(370,150)	(370,150)	0	(369,867)	(369,867)	0	(283)	(283)
Total	816,929	(816,929)	0	849,700	(849,700)	0	(32,771)	32,771	0

Capital programme (gross £ millions) – approved projects



Capital programme summary (£000)

Approved project	Total project – all years		2015/16 (£000)					
			End of year outturn			Analysis of variation		
	Budget	Projected	Budget	Actual to date	Variation (over) / under budget	(Over) / under spend	Slippage to future year	Spend in advance
ASC	23,776	23,768	5,337	3,789	1,548	8	1,540	-
BSD	68,103	68,099	14,573	12,368	2,205	4	2,461	(260)
CS	115,446	116,922	32,748	34,528	(1,780)	(1,476)	3,972	(4,276)
CET	492,674	490,115	98,665	81,671	16,994	2,559	14,500	(65)
GS	157	157	150	76	74	-	74	-
Total	700,156	699,061	151,473	132,432	19,041	1,095	22,547	(4,601)
Scheme Specific Income			34,141	30,791	3,350	990	2,360	-
Capital Reserves			32,946	32,946	-	101	4,500	(4,601)
Section 106			2,395	2,167	228	-	228	-
Non Specific Grants			55,259	45,620	9,639	-	9,639	-
Capital Receipts			5,526	4,300	1,226	-	1,226	-
Revenue Contributions			17,407	16,608	799	4	795	-
Borrowing			3,799	-	3,799	-	3,799	-
Total			151,473	132,432	19,041	1,095	22,547	(4,601)

Centrally held budgets

The Treasury Management (TM) Strategy, which provides the framework for managing the Council's borrowing requirement, continues to reflect a policy of ensuring minimum risk whilst aiming to deliver secure realistic investment income on the Council's cash balances. Investment rates available in the market have been broadly stable during the quarter and have continued at historically low levels as a result of the low Bank Rate. The average level of funds available for investment purposes during the year was £296m (excluding fire). These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the Capital Programme. The total amount received in short term interest for the twelve months to 31 March 2016 was £2.2m at an average rate of 0.73%.

At 31 March 2016, the majority of the Council's external debt was held as long term loans (£270.4m), and no cost effective opportunities have arisen during 2015/16 to restructure the existing debt portfolio. In February 2016 the Council took advantage of attractive Public Work Loan Board (PWLB) borrowing rates and borrowed £20m in order to generate cash for capital programme. The Accounts & Pensions team have set up a recording process for trigger rate monitoring and work to an agreed protocol for potential future borrowing activity to fund the current capital programme.

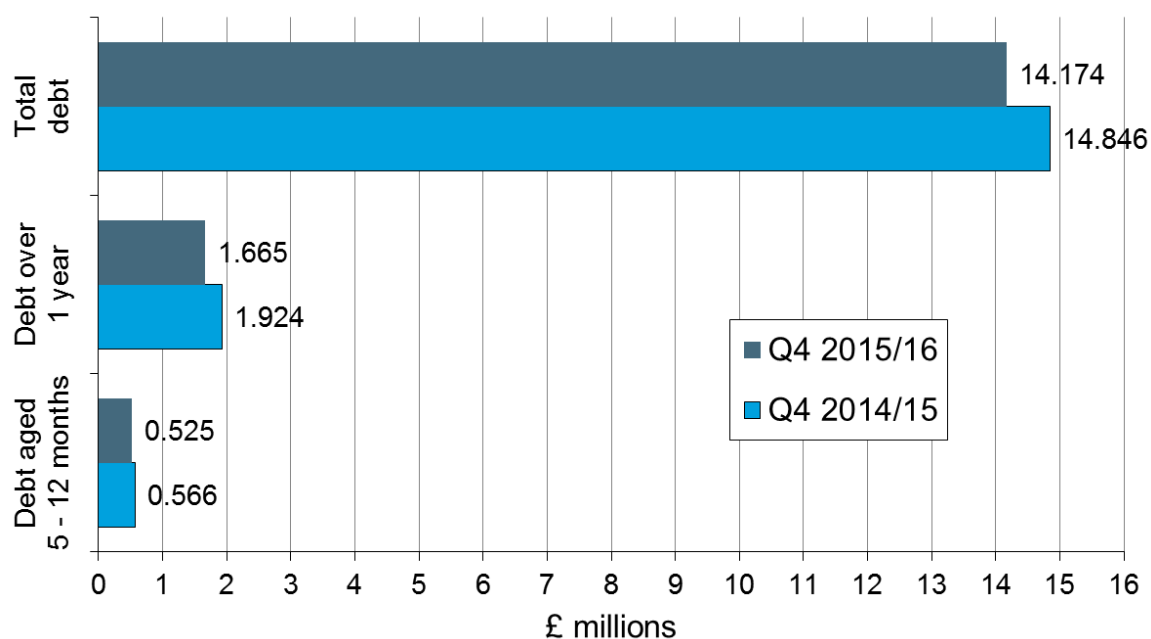
Centrally held budgets include a general contingency and unused inflation provision. This has been partly used to fund the departmental overspends. As agreed at quarter 3, the balance remaining has been transferred to support the capital programme need. There was a reduction in income of £0.2m for the Council's share of the East Sussex Business Rates Pool and a correction of S31 grant for business rates relief of £0.1m offset by additional Service Transformation grant of £0.1m.

General balances

The target for general balances is £10.0m as at 31 March 2016. General balances allow the Council to manage unforeseen financial circumstances without the need to make immediate savings.

The Schools balances as at 31 March 2016 was £14.9m.

Outstanding debt analysis (£ millions)



The value of debt over 5 months at Quarter 4 has reduced to £2.190m when compared to the 2014/15 outturn of £2.490m. Improvements to systems and processes are continuing as Aged Debt is a priority focus area for Business Operations with regular monthly ASC debt case review meetings to ensure the most appropriate steps are taken to recover debt promptly and in accordance with the Care Act.

	2014/15 £m	2015/16 £m	Variance £m
Sundry Debtors	1,952	2,015	(0.063)
Deferred Payments	0.538	0.175	0.363
Total	2.490	2.190	0.300

Revenue savings summary 2015/16 (£000)					
Savings/mitigation description	Original target	Target inc. unachieved savings c/f from previous year(s)	Achieved	Slipped	Unachieved
Department savings					
ASC	7,643	10,584	3,778	6,806	-
BSD	1,724	2,579	1,566	-	1,013
CS	2,585	3,093	1,238	-	1,855
CET	2,242	3,569	2,002	-	1,567
GS	195	195	177	-	18
Total savings	14,389	20,020	8,761	6,806	4,453
Mitigations					
Permanent mitigations			750	-	(750)
Total permanent savings & mitigations			9,511	6,806	3,703
Temporary mitigations			9,118	(6,003)	(3,115)
Total savings with mitigations	14,389	20,020	18,629	803	588

Adult Social Care savings 2015/16 (£000)					
Savings/mitigation description	Original target	Target inc. unachieved savings c/f from previous year(s)	Achieved	Slipped	Unachieved
Savings					
Reduction in DPS management and support costs	100	100	100	-	-
Review and focus on services to meet personal care needs, in line with personal budgets	1,195	2,554	1,359	1,195	-
Reablement Services to reduce volume and cost of long term packages of care	3,000	3,000	-	3,000	-
Total Older People	4,295	5,654	1,459	4,195	0
Review of Directly Provided Learning Disability Services	300	300	300	-	-
Review and renegotiation of high cost service contracts	300	300	300	-	-
Savings from Mental Health Supported Accommodation developments	100	100	100	-	-
Review and focus on services to meet personal care needs, in line with personal budgets	1,200	2,782	171	2,611	-
Total Working Age Adults	1,900	3,482	871	2,611	0
As a consequence of savings proposals a reduction in number of staff can be delivered	100	100	100	-	-
Commissioning Prospectus – reduce resources available for retendering services	332	332	332	-	-
Community wide floating housing support for vulnerable older people - reduction by 15%	50	50	50	-	-
Countywide floating support - reduction in contracts by 15% by 2015/16	156	156	156	-	-
Young Parent Services - reduction from 3 to 2 accommodation based services	26	26	26	-	-
Supported Accommodation and Independent Living Service (SAILS) - implement a 15% reduction	87	87	87	-	-
Offenders and complex homeless - reduce	Page 23	11	11	-	-

Adult Social Care savings 2015/16 (£000)					
Savings/mitigation description	Original target	Target inc. unachieved savings c/f from previous year(s)	Achieved	Slipped	Unachieved
pilot service by 15% in 2015/16					
Mental Health and Homeless Services-closure of 1 accommodation based service for 12 clients at a time	10	10	10	-	-
Community Bridge Builder Project	50	50	50	-	-
Total Universal Services (inc Safer Communities)	822	822	822	-	0
Review of posts and budget that support community engagement and consultation	9	9	9	-	-
Reduction in administration support.	18	18	18	-	-
Reduction in management and support from OD and information to staff	50	50	50	-	-
Implementation of service consolidation	74	74	74	-	-
Benefit realisation from the Agile Working Programme	475	475	475	-	-
Total Management & Support	626	626	626	0	0
Total Savings	7,643	10,584	3,778	6,806	0
Mitigations					
Total Permanent Mitigations	0	0	0	0	0
Total Permanent Savings & Mitigations	7,643	10,584	3,778	6,806	0
Better Care Fund use of contingency	-	-	6,003	(6,003)	-
Total Temporary Mitigations	0	0	6,003	(6,003)	0
Total Adult Social Care Savings with Mitigations	7,643	10,584	9,781	803	0

Business Services savings 2015/16 (£000)					
Savings/mitigation description	Original target	Target inc. unachieved savings c/f from previous year(s)	Achieved	Slipped	Unachieved
Savings					
Personnel and Training – Service Review	197	197	197	-	-
Total Corporate Support Services	197	197	197	0	0
Property – Security System Review	73	73	73	-	-
Property – Corporate Accommodation Efficiency Savings	22	22	22	-	-
Resources Consolidation Review	670	670	670	-	-
The Link / PSN	-	500	110	-	390
Savings from new delivery models following commissioning cycle	561	916	293	-	623
Agile Working Programme	201	201	201	-	-
Total Management & Support	1,527	2,382	1,369	0	1,013
Total Savings	1,724	2,579	1,566	0	1,013
Mitigations					
Permanent savings mitigating unachieved Link savings	-	-	390	-	(390)
Permanent savings mitigating unachieved Commissioning Cycle savings	-	-	141	-	(141)
Total Permanent Mitigations	0	0	531	0	(531)
Total Permanent Savings & Mitigations	1,724	2,579	2,097	0	482
Use of departmental underspend	-	-	482	-	(482)
Total Temporary Mitigations	0	0	482	0	(482)
Total Business Services Savings with Mitigations	1,724	2,579	2,579	0	0

Children's Services savings 2015/16 (£000)					
Savings/mitigation description	Original target	Target inc. unachieved savings c/f from previous year(s)	Achieved	Slipped	Unachieved
Savings					
Reduction in staffing posts	90	90	90	-	-
Reduction in agency foster care and greater use of in house foster care placements	297	297	297	-	-
2012/13 residual savings target	754	754	754	-	-
Total SEN & Disability	1,141	1,141	1,141	0	0
Thrive programme (including reduction in total number of Looked after Children (LAC) by 100 to 520)	500	1,105	-	-	1,105
Safeguarding Unit - Reduce agency expenditure	20	20	20	-	-
Draw down from reserves/reduction in savings	(3,455)	(3,455)	(3,455)	-	-
Change in approach to court legal fees	181	181	181	-	-
Service reconfiguration - Savings across demand led budgets achieved through change in culture	73	73	73	-	-
Review the virtual school with stakeholders to determine possible future structure and models of delivery.	212	212	212	-	-
Streamlining the service model for supporting vulnerable young parents and reducing central management costs	142	142	142	-	-
Close 7 Children's Centres previously identified as possibilities for mergers.	80	80	80	-	-
Restructure of the Children's Centres' service, including the ending of some contracts.	820	820	820	-	-
Total Children's Social Care	(1,427)	(822)	(1,927)	0	1,105
Reduce the numbers of children and families supported by the Secondary Behaviour Support service.	20	20	20	-	-
Reduced commissioning capacity including joint commissioning with NHS	45	45	45	-	-
Troubled Families payment by results income	500	500	500	-	-
Music Service administration costs	8	8	8	-	-
Reduce provision of targeted 1:1 and specialist services including CAMHS (Child and Adolescent Mental Health Service) and substance misuse	81	81	81	-	-
Re-prioritisation of resources for school improvement and intervention.	316	316	316	-	-
Reduce Youth Offending Team and statutory case management	88	88	88	-	-
Reviews and procedural revisions to facilitate structural change to Transport and Admissions	20	20	20	-	-
Personalised Transport Budgets	378	378	378	-	-
Reduction in Home to School Transport budget	441	344	14	-	330
Recoupment offered as saving from Home to School Transport Budget	220	220	-	-	220

Children's Services savings 2015/16 (£000)					
Savings/mitigation description	Original target	Target inc. unachieved savings c/f from previous year(s)	Achieved	Slipped	Unachieved
Parental contribution for post 16 SEN transport where public transport cannot be accessed (except for low income families)	46	46	46	-	-
Discretionary Transport for LACs following change of care placement	237	237	37	-	200
Total Learning & School Effectiveness	2,400	2,303	1,553	0	750
Reconfiguration of services following consolidation and service reviews enabled by the Agile programme and new ways of working	463	463	463	-	-
Secretariat restructure	8	8	8	-	-
Total Management & Support	471	471	471	0	0
Total Savings	2,585	3,093	1,238	0	1,855
Mitigations					
Total Permanent Mitigations	0	0	0	0	0
Total Permanent Savings & Mitigations	2,585	3,093	1,238	0	1,855
Looked After Children - achieved through overall mitigation within CSD in 15/16.	-	-	964	-	(964)
Home to School Transport - mitigation by robust assessment of need and on-going review of transport provision.	-	-	303	-	(303)
Total Temporary Mitigations	0	0	1,267	0	(1,267)
Total Children's Services Savings with Mitigations	2,585	3,093	2,505	0	588

Community, Economy and Transport savings 2015/16 (£000)					
Savings/mitigation description	Original target	Target inc. unachieved savings c/f from previous year(s)	Achieved	Slipped	Unachieved
Savings					
Registration - Additional income generation	50	50	50	-	-
Road Safety - Reduction in educational activities	-	255	-	-	255
Road Safety - Reductions in road safety engineering	100	-	-	-	-
Emergency Planning - Team Structure	-	32	-	-	32
Gypsy & Traveller Team - Revised service offer	-	10	-	-	10
Total Communities	150	347	50	0	297
Libraries - Review of staff levels - time and motion study conclusions.	-	75	75	-	-
Libraries - Review of Mobile Library Services.	-	60	60	-	-
Total Customer and Libraries	0	135	135	0	0
Passenger Transport - Re-commissioning transport services	1,660	1,660	1,310	-	350
Waste Management - Review of Household Waste Recycling Site (HWRS) provision	-	50	75	-	(25)
Waste Management - Joint Waste Collection contract - disposal savings	-	100	-	-	100
Waste Management - Leachate Tankering and Disposal	-	118	-	-	118
Waste PFI - Sharing of facilities and capacity	-	447	-	-	447
Countryside Management - Countryside Sites	80	80	80	-	-
Total Transport and Operational Services	1,740	2,455	1,465	0	990
Infrastructure Development, Design and Delivery - Reorganisation of team roles and responsibilities	150	150	150	-	-
Highways Maintenance - Reduce Gulley emptying budget, whilst preserving intervention at those areas most likely to represent a flood risk	-	150	-	-	150
Highways Maintenance - Condition Surveys	-	130	-	-	130
Total Highways	150	430	150	0	280
Economic Development & Skills - Reorganisation of team priorities and responsibilities	62	62	62	-	-
Total Economic Development	62	62	62	0	0
Benefit realisation from the Agile Working Programme.	140	140	140	-	-
Total Management & Support	140	140	140	0	0
Total Savings	2,242	3,569	2,002	0	1,567
Mitigations					
Waste WEEE Tonnes	-	-	219	-	(219)
Total Permanent Mitigations	0	0	219	0	(219)
Total Permanent Savings & Mitigations	2,242	3,569	2,221	0	1,348

Community, Economy and Transport savings 2015/16 (£000)					
Savings/mitigation description	Original target	Target inc. unachieved savings c/f from previous year(s)	Achieved	Slipped	Unachieved
Passenger Transport	-	-	58	-	(58)
Travellers Staffing	-	-	10	-	(10)
Road Safety Income	-	-	39	-	(39)
Concessionary Fares	-	-	547	-	(547)
Reduced contributions to Waste Reserve	-	-	563	-	(563)
Other one-off departmental underspends	-	-	131	-	(131)
Total Temporary Mitigations	0	0	1,348	0	(1,348)
Total Community, Economy and Transport Savings with Mitigations	2,242	3,569	3,569	0	0

Governance savings 2015/16 (£000)					
Savings/mitigation description	Original target	Target inc. unachieved savings c/f from previous year(s)	Achieved	Slipped	Unachieved
Savings					
Communications – internal departmental restructure	36	36	36	-	-
Communications – cross cutting restructure	20	20	20	-	-
Third Sector	20	20	20	-	-
Democratic / Scrutiny – team reorganisation	18	18	-	-	18
Policy / Performance – reorganisation of support	75	75	75	-	-
Total Corporate Governance	169	169	151	0	18
Agile Working Programme	45	45	45	-	-
Use of departmental overheads	(19)	(19)	(19)	-	-
Total Management & Support	26	26	26	0	0
Total Savings	195	195	177	0	18
Mitigations					
Total Permanent Mitigations	0	0	0	0	0
Total Permanent Savings & Mitigations	195	195	177	0	18
Refreshments and other	-	-	18	-	(18)
Total Temporary Mitigations	0	0	18	0	(18)
Total Governance Savings with Mitigations	195	195	195	0	0

Adult Social Care and Health – end of year 2015/16

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

2015/16 summary of successes and achievements – Between April 2015 and March 2016, 100% (4,503) of working age adults and older people supported by Adult Social Care received self-directed support. 88% of new clients who received short-term services to increase their independence made no further request for support. 7,626 carers were known to Adult Social Care, this has increased significantly from 6,936 in 2014/15. 281 adults with a learning disability were in paid or voluntary employment, an increase from 249 in 2014/15. 1Space (a directory of services, groups and organisations) received 72,031 visits – an increase of over 60% from 2014/15. The total number of entries on the directory has increased to 2,150. A total of 1,717 people were referred to the Memory Assessment Service. 87% of clients in receipt of long term support feel that the services they receive have made them feel safe and secure. Between 6 April 2015 and 11 March 2016, 2,813 people received support through 'STEPS to stay independent', which supports people aged 65 and over to maintain independence in their own homes. A number of Supported Accommodation/ Extra Care projects have been developed with our support including Ninfield Road, Bexhill and Battle Road, Hailsham which opened in September 2015; and Sidley, Bexhill, a 58 unit property which opened in May 2016.

Health and wellbeing outcomes and educational attainment for children and young people – The Public Health team has launched a £2m major grant programme to support schools to improve health and wellbeing outcomes and educational attainment for children and young people. The grant programme enables all state schools in East Sussex to access £10,000 each to develop a school health improvement plan and to put in place actions to address the health and wellbeing priorities identified in their plan. Because of the rising problem of childhood obesity – one in five Reception Year pupils (four to five year-olds) and nearly one in three Year 6 pupils (10 to 11 year olds) are obese or overweight – all schools have been asked to include actions to address childhood obesity as one of their health and wellbeing priorities. The grants programme follows a successful pilot which saw 10 schools receive grants to fund activities such as family fitness events, development of 'healthy tuck shops', cookery clubs and training for promoting positive mental health. A total of 180 schools and colleges have taken advantage of the grant offer for delivery of activity in 2016/17.

NHS Health checks – The national Health Premium Incentive Scheme incentivises local authorities to take action to improve the health of their population and reduce health inequalities against specific indicators and is paid when targets are met. As part of this scheme national funding was made available to Local Authorities for an increase in health checks by at least 2.18% on their 2013/14 outturn for 2014/15 (an additional 358 individuals based on our 2013/14 outturn of 16,395). Our 2014/15 outturn was 20,538 which was an increase of 25% (4,143 individuals) over the 2013/14 outturn. We were one of only a few local authorities to receive an additional £47,000 under the scheme. NHS Health Check targets remain firmly on course and up to 31/12/2015, 15.6% of the eligible population were offered a check and 8.3% of eligible population have received a health check (year-end targets are 20% and 9.6% respectively).

Diabetes Prevention Programme – East Sussex, as part of a South East Collaborative, is one of the 27 first wave areas in England to offer the world's first nationwide Diabetes Prevention Programme. People in East Sussex identified at high risk of Type 2 diabetes will be invited to join a programme helping them to avoid developing the condition by changing their lifestyles. Across the county over 58,000 people are thought to be at risk of developing Type 2 diabetes. Those entering the programme will be offered personalised support to help reduce their risk and live healthier and longer lives. First wave sites were chosen as they already had significant infrastructure in place to support volumes of referrals from the start.

Safeguarding Adults – Between April 15 and March 16, a total of 174 safeguarding plans were reviewed. 335 outcomes were identified in the safeguarding plans which resulted in 479 subsequent actions. Of these, 99% (473) were either met or partially met.

East Sussex Better Together – In regards to the implementation of Integrated Health and Social Care Locality Teams (ILATs), locality managers are in place to take up their new role from 01/04/16 across the 6 localities. Staffing structures are being finalised with Integrated Locality Managers and senior support; operational and delivery models are also being finalised. Outcome based indicators are being developed to underpin the locality development and shape future locality planning. Recruitment to the additional posts is underway, including frailty, proactive care and crisis response. In High Weald Lewes Havens, Sussex Community Foundation Trust is working with partners to develop four Communities of Practice across the area.

Support with Confidence – The target for newly approved members in 2015/16 was 14, working towards an overall figure of 155 approved scheme members (**ref i**). Despite significant staff changes and the transfer of the scheme across departments within year, team members have worked hard to achieve a total of 32 newly approved members. Unfortunately within 2015/16 we also lost 27 members from the scheme, meaning despite the number of approvals, the overall outturn is 146 approved members, up five from last year.

Analysis of the member withdrawals indicates a range of personal circumstances that has led to members retiring

from the scheme. Work is being finalised on a comprehensive multi-media communications plan to ensure we are maximising our contact with scheme members. With 75 live applications, and plans in place to ensure that we minimise the number of members who withdraw, we are confident that we can reach the 10% increase for 2016/17.

Direct Payments – As at 31st March 2016, 35.6% of adults and older people were receiving Direct Payments (1,605 people) (ref ii). Despite not meeting the target, if all other authorities performance remained the same as in 2014/15, and therefore quartile thresholds remained the same, East Sussex's performance for 2015/16 would remain in the upper quartile.

2014/15 was a year of exceptional performance on Direct Payments (moving from 28% to 42%) and it has not been possible to maintain this level of performance. There are two main reasons why we have seen a reduction in the level of Direct Payments: Firstly, a significant number of clients who moved to Direct Payments in 2015/16 have subsequently chosen to have a commissioned service instead, therefore ending their Direct Payment arrangement; secondly a number of strategic initiatives have affected the use of Direct Payments such as changes in provider arrangements across some accommodation services.

In 2016/17 we are looking at ways of joining up our initiatives for the next 12 months to ensure that we maximise the opportunities for clients to use Direct Payments to meet their long term care and support needs in beneficial ways.

Safer Communities – The East Sussex Safer Communities Business Plan for 2016/17 to 2018/19 is now complete. This is a three year business plan, which will be refreshed annually, and sets out how partners will work together to deliver the community safety priorities. It also highlights what the partnership has achieved during 2015/16 and what the partnership is planning to do to improve the services to support local people for the future. A copy of the plan can be found on the Safe in East Sussex website (<http://www.safeineastsussex.org.uk/our-publications.html>).

Domestic Abuse – A revised Multi Agency Risk Assessment Conference (MARAC) quality and audit process was established in January 2016. This will enable partners to monitor and evaluate the conferences to ensure that they are effective to safeguard the domestic abuse victim and others at risk, reduce the risk of murder or serious harm and advise the MARAC on ways to improve.

The new Specialist Domestic and Sexual Abuse Service led by RISE (Refuge, Information, Support and Education) in partnership with Survivors Network and the Crime Reduction Initiative (CRI) was launched in January 2016 and a range of promotional materials are being developed and distributed.

Anti-social behaviour (ASB) and hate crime – Work has started with the five Local Authorities to train up their Customer Services Team to become Third Party Hate Crime Reporting Centres.

In partnership with Southdown Community Development Association workshops are being delivered with the women's group at Hastings mosque. Workshops have focused on:

- personal safety, confidence and resilience;
- hate crime; and
- online safety.

A British Values teaching resource has been developed and will be available freely to all schools in East Sussex. This resource will support and develop further tolerance and harmony between different cultural traditions by enabling students to acquire an appreciation of and respect for their own and other cultures.

Substance Misuse – The recovery activities funded by the East Sussex Innovation Fund have been running successfully and the numbers of people engaging in recovery activities has risen. The new premises of East Sussex Recovery Alliance have supported this expansion in groups.

The Active in Recovery project has now become part of Sussex Community Development Association. The transition has been smooth and the groups are running well from the new location at Brightview in Eastbourne.

Café North, a recovery orientated social enterprise, has seen the induction of two volunteers and a trial run for serving breakfast. A successful stall was held at a promotional market in Eastbourne town centre in order to support the opening of the café which took place in April.

Public Health – We achieved 1,496 four-week quits up to the end of Q3 (reported a quarter in arrears) against a target of 2,022 (ref iii). The provider, North 51, has suggested that poor performance is reflective of the national picture and partly due to individuals using e-cigarettes to stop smoking rather than traditional stop smoking services. The provider are currently recruiting 250 participants to take part in research to explore the efficacy and acceptability of the use of e-cigarettes within stop smoking services to help inform future practice. Comparative performance will also be reviewed, once national data is available, to understand whether this is also a national issue.

Revenue Budget Summary

Adult Social Care – The outturn position for Adult Social Care is an overspend of £173,000 (ref iv); comprising an overspend of £803,000 in the Independent Sector partially offset by an underspend of £630,000 within Directly Provided Services and Assessment and Care Management. The net budget incorporated savings of £7.643m. As

reported in previous reports, 2015/16 has seen a significant increase in the number, complexity and cost of packages of care. The East Sussex Better Together Programme Board has agreed previously that the contingency in the 2015/16 Better Care Fund can be used offset the overspend on the Independent Sector; £6.003m has been applied.

The mitigation of the overspend is from one-off funding, the full year effect of packages of care established in 2015/16 will have a significant impact in 2016/17.

Extract from minutes of the ESBT Programme Board on 11 February 2016 – “John O’Sullivan presented the Finance and Performance update and recommended that the Board note that:

- The Q3 financial positions is reporting a deficit of £6.361m covered by ESBT contingency and within the overall Children’s services budget.
- There will be two Better Care Fund (BCF) section 75 agreements to reflect the new arrangement from April 2016, i.e. one for EHS & H&R CCG, and one for HWLH CCG
- A revised BCF plan will be presented to the 9 March 2016 meeting as the disaggregation of resources will be completed and outstanding allocations should have been confirmed.
- EHS & H&R have reserves ESBT intervention targets in 2016/17 of £10.5m and £6.4m following the announcement of detailed CCG allocations in January.
- The internal audit report provides reasonable assurance in relation to BCF governance arrangements.”

Public Health – The 2015/16 outturn position for Public Health is an underspend of £1.433m (**ref v**) on total planned expenditure of £26.073m, which has been transferred, within the conditions of the Public Health Grant, to reserves.

Capital Programme Summary – The Capital Programme reports a variation of £1.549m on the total budget of £5.337m, this position arises from slippage in the: Older People's Service Improvements (**ref vi**), £136,000, as continuing programme of service improves across a range of older people services, including day care, residential and intermediate care; Social Care Information Systems (**ref vii**), £131,000, systems have been successfully implemented within Adult and Children’s Services, the slippage supports with the project planned completion in May 2016; Greenwood (**ref viii**), £39,000, funding aligned to the Grangemead, Hailsham development which will start in 2016/17; LD Service Opportunities (**ref ix**), £652,000, the development of Grangemead, Hailsham is planned to start in 2016/17; and Warwick House (**ref x**), £127,000, relate to retention costs for scheme opened in 2014/15. Within LD Extra Care (**ref xi**), £200,000 is to be used to meet developments within LD Service Opportunities. House Adaptations for People with Disabilities (**ref xii**), £236,000, a demand led budget, the slippage will be used in 2016/17 to continue to support clients to live independently at home. The refurbishment of facilities to meet CQC standards is demand led (**ref xiii**), £27,000, funding will be used in 2016/17.

Performance exceptions (Q1 – Red and Amber RAG rated targets, and amendments Q2-4 – RAG status changed to Red, Amber, Green, and amendments)								
Performance measure	Outturn 14/15	Target 15/16	15/16 RAG				2015/16 outturn	Note ref
			Q1	Q2	Q3	Q4		
Priority - Helping people help themselves								
10% increase in the number of providers registered with Support With Confidence	141 providers	155 providers	A	A	A	R	146 providers	i
45% of adults and older people receive direct payments	42.2%	45%	A	A	A	R	35.6%	ii
Number of persons attending East Sussex NHS Stop Smoking Services who quit smoking four weeks after setting a quit date.	3287	3,386	G	A	R	CO	1,496 (Qtr 3)	iii
Percentage of the eligible population offered an NHS Health Check	26.20%	20%	G	G	G	CO	15.6% (Qtr 3)	
Priority - Keeping vulnerable people safe								
The percentage of Independent Domestic Violence Advisor (IDVA) service users who feel confident asking for help and support when they need it	New measure	80%	G	G	G	CO	Key Performance Indicators have been agreed in Q4 of 2015/16, and end of year data will be available during May 2016.	
Percentage of Independent Sexual Violence Advisor (ISVA) service users who feel confident asking for help and support when they need it	New measure	80%	G	G	G	CO	Key Performance Indicators have been agreed in Q4 of 2015/16 and data collection tools will be implemented to collect this in Q1 2016/17. End of year data using proxy indicators will be available in May 2016.	

Savings exceptions

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

Savings description	2015/16 (£000)					Note ref
	Original Target	Target including unachieved savings c/f from previous year(s)	Achieved	Slipped	Unachieved	
Community Based Services: Review and focus to meet personal care needs, in line with personal budgets	5,395	8,336	1,530	6,806	-	
All Other Savings	2,248	2,248	2,248	-	-	
Total ASC - original savings	7,643	10,584	3,778	6,806	0	
Mitigations						
- Permanent						
- Temporary						
Better Care Fund Use Of Contingency			6,003	(6,003)	-	
Total ASC	7,643	10,584	9,781	803	0	

Revenue budget

Divisions	Planned (£000)			2015/16 (£000)						Note ref
				End of year outturn			(Over) / under spend			
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net	
Adult Social Care:										
Physical Support, Sensory Support and Support for Memory & Cognition	83,876	(42,830)	41,046	86,616	(45,276)	41,340	(2,740)	2,446	(294)	
Learning Disability Support	45,153	(3,829)	41,324	45,554	(4,229)	41,325	(401)	400	(1)	
Mental Health Support	7,421	(985)	6,436	8,121	(1,177)	6,944	(700)	192	(508)	
Substance Misuse Support	265	(8)	257	262	(5)	257	3	(3)	-	
Subtotal Independent Sector	136,715	(47,652)	89,063	140,553	(50,687)	89,866	(3,838)	3,035	(803)	
Physical Support, Sensory Support and Support for Memory & Cognition	16,965	(5,255)	11,710	16,624	(5,015)	11,609	341	(240)	101	
Learning Disability Support	9,273	(1,017)	8,256	8,829	(1,132)	7,697	444	115	559	
Mental Health Support	2,173	(1,475)	698	2,373	(1,535)	838	(200)	60	(140)	
Substance Misuse Support	340	(129)	211	709	(426)	283	(369)	297	(72)	
Equipment & Assistive Technology	4,835	(2,237)	2,598	5,117	(2,237)	2,880	(282)	-	(282)	
Other	5,702	(3,448)	2,254	5,562	(3,448)	2,114	140	-	140	
Supporting People	10,307	(346)	9,961	10,307	(346)	9,961	-	-	-	
Assessment and Care Management	25,731	(1,999)	23,732	25,394	(2,153)	23,241	337	154	491	
Management and Support	11,737	(3,580)	8,157	11,673	(3,347)	8,326	64	(233)	(169)	
Service Strategy	747	(217)	530	1,025	(497)	528	(278)	280	2	
Subtotal Directly Provided Services	87,810	(19,703)	68,107	87,613	(20,136)	67,477	197	433	630	
Total Adult Social Care	224,525	(67,355)	157,170	228,166	(70,823)	157,343	(3,641)	3,468	(173)	iv
Total Safer Communities	753	(337)	416	753	(337)	416	0	0	0	

Revenue budget										
Divisions	Planned (£000)			2015/16 (£000)						Note ref
				End of year outturn			(Over) / under spend			
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net	
Public Health:										
Health Improvement services	5,319	(5,319)	-	6,557	(6,557)	-	(1,238)	1,238	-	
Drug and alcohol services	6,162	(6,162)	-	6,163	(6,163)	-	(1)	1	-	
Sexual health services	4,265	(4,265)	-	3,702	(3,702)	-	563	(563)	-	
Children's Public Health Services - Including the new Health Visiting service	5,300	(5,300)	-	5,284	(5,284)	-	16	(16)	-	
NHS Health Checks	881	(881)	-	1,133	(1,133)	-	(252)	252	-	
Other programmes and non-contracted services	3,497	(3,497)	-	1,801	(1,801)	-	1,696	(1,696)	-	
Contingency and reserves	649	(649)	-	1,433	(1,433)	-	(784)	784	-	
Total Public Health	26.073	(26.073)	0	26.073	(26.073)	0	0	0	0	

Public Health: The final outturn position for Public Health is £1.433m underspend (**ref v**). At 31 March 2016, Public Health Reserves stood at £13.285m, comprising Projects (£5.517m), Health Protection (£1.200m) and Underspend (£6.568m) Reserves.

Capital programme									
Approved project	Total project – all years (£000)		2015/16 (£000)						Note ref
			End of year outturn			Analysis of variation			
	Budget	Projected	Budget	Actual	Variation (over) / under budget	(Over) / under spend	Slippage to future year	Spend in advance	
OP Service Improvements	536	536	207	71	136	-	136	-	vi
Social Care Information Systems	4,258	4,258	2,492	2,361	131	-	131	-	vii
Greenwood, Bexhill	463	463	51	12	39	-	39	-	viii
LD Service Opportunities	4,907	4,907	1,030	378	652	-	652	-	ix
Warwick House, Seaford	7,339	7,331	219	92	127	8	119	-	x
Extra Care / Supported Accommodation Projects:									
Ninfield Rd, Bexhill-on-Sea	410	410	205	205	-	-	-	-	
Sidley, Bexhill-on-Sea	790	807	70	87	(17)	(17)	-	-	
Battle Road, Hailsham	1,000	1,000	500	500	-	-	-	-	
LD Extra Care	350	350	200	-	200	-	200	-	xi
Continuing Programme:									
House Adaptations for People with Disabilities	3,349	3,332	299	46	253	17	236	-	xii
Refurbishment – Registration standards	374	374	64	37	27	-	27	-	xiii
Total ASC Gross	23,776	23,768	5,337	3,789	1,548	8	1,540	0	

Business Services – end of year 2015/16

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

2015/16 summary of successes and achievements – Following the approval of the Orbis Business Plan by Orbis Joint Committee (28 September), and endorsement by Cabinet (13 October), we are continuing to develop the partnership. Areas of progress include the appointment of key senior officers, and the development of the Orbis People Strategy. The Inter Authority Agreement, which provides the legal basis for the partnership and will form the contract between East Sussex County Council (ESCC) and Surrey County Council (SCC), has now been signed. We are also collaborating with Brighton and Hove City Council (BHCC) to integrate them into the Orbis partnership as the due diligence process continues.

There have been a number of achievements in specific service areas, such as the integration of the Business Operations team; collaboration of ESCC, SCC and BHCC to deliver an integrated Internal Audit service; ICT enablers (such as Wi-Fi and printing across ESCC and SCC sites); and benefits from the procurement of joint Occupational Health and Temporary Labour contracts.

The Procurement Standing Orders (PSOs) have been reviewed throughout 2015/16 (approved at Full Council on 10 May 2016). The PSOs set out the rules by which we spend money on supplies, services and works, are aligned to new EU/UK Public Contract Regulations, and take into account Orbis partnership governance arrangements.

SPACES – 14 projects have been achieved across the SPACES partnership in total in 2015/16. In addition to the projects reported earlier in the year, three further deliveries have happened via SPACES in Q4. Lewes District Council, Sussex Police and ESCC registration services have moved to Hastings Town Hall; South East Coast Ambulance Service are now co-located with Sussex Police in Seaford; and Saxon House in Newhaven has opened, which contains East Sussex Fire & Rescue Service (following a move of the Fire Station from Fort Road in Newhaven).

Reduction in CO₂ emissions – A 5.7% reduction in carbon emissions has been achieved in 2015/16 due to improved energy efficiency compared to last year. Projects undertaken to achieve this include the new boilers installed at County Hall, three solar photovoltaic schemes and various improvements to improve the efficiency of buildings.

Social Value – During 2015/16, 46% (£187m) of procurement spend was with local suppliers (against our target of 45%). We engaged with local businesses through the Build East Sussex network and supporting event in February, creating a large amount of interest through social media feeds. We are continuing to promote and support the development of the South East Shared Services E-Procurement Portal, a collaboration between public sector authorities in the South East region to provide a simple, secure and efficient way for managing sourcing and quotation activities, reducing time and cost for buyers and suppliers.

We aim to increase the percentage of new Council procured contracts (awarded following a tender process), that include an Employability and Skills Plan (ESP) to 60%. Five contracts were awarded in Q4 following a tender process and five more ESPs were put in place for the Highways and Infrastructure Services contract, the Uckfield Town Centre Development project and three Property Contracts. The Highways contract, which has an estimated value of £300m over seven years, gave us the opportunity to build in the full suite of Employment and Skills interventions. This includes the delivery of eight apprenticeship placements; four graduate opportunities and 14 trainee/work experience placements per year; the provision of technical training courses; and providing two members of staff to act as Enterprise Advisers to two local schools or colleges, to help them develop their careers strategies. By the end of Q4, ESPs were put in place for 11 (42%) of the 26 contracts awarded in 2015-16 (this an improvement on the 28% reported at Q3). As explained at Q3, the measure for 2016/17 reflects that there are some types of contracts for which an ESP is not appropriate. These tenders will be removed from the outturn figure and an explanation provided. This will help ensure that any potential blockers to an ESP being delivered are addressed.

Savings achieved through procurement, contract and supplier management activities – Total savings approved up to end of Q4 were £6.9m, an increase of £2m since last quarter. We had forecasted £6.3m in Q3. However, we were able to reach the target of £6.9m by Q4 due to the completion of the Hastings Library Re-fit at £400k; and the Central Postal Hub at £180k (both were anticipated to be delayed at Q3); and £1.1m savings from the Uckfield Town Centre Redevelopment Scheme. This capital project saving was achieved through utilising the South East Framework to generate competition between suppliers appointed to the framework.

ICT infrastructure and system support – Throughout 2015/16, we have exceeded our target for availability of IT infrastructure to support and enable the business to function, with 99% of key services available during core hours (weekend and planned unavailability is excluded, however the Local Area Network is now available 24/7). After establishing the baseline of 79% of staff satisfied that the IT tools provided are the right ones to do their job, we will aim to improve the percentage next year.

Wellbeing – The 2015/16 sickness absence outturn for the whole authority (excluding schools) is 9.09 days lost per FTE employee, which represents a decrease of 11.1% since last year. The 2015/16 target of 9.24 days/FTE has therefore been met.

Stress remains the primary driver of absence across the organisation. An automated process is now in place to ensure that all managers who have employees absent due to stress or mental health are contacted by the tenth days of absence. The email is sent direct from FirstCare (our Attendance Management provider) and provides guidance for managers on the resources available to support staff and prompts them to make contact. Research suggests that establishing open lines of communication at the early stage of an employee's absence is vital to securing a return to work. The function of appraisal and supervision meetings is being reviewed to enable managers and employees to discuss any wellbeing concerns at an early stage and put in place a shared agreement to prevent absences in the future. A template for this is being piloted within Children's Services. A training course, 'Managers Managing Stress' has been commissioned as part of the corporate training package to equip managers with the confidence, tools and experience to effectively signpost and support employees who are experiencing stress. A revised Stress Action Plan and Policy, which incorporates an individual stress risk assessment, has been launched across the organisation. It is anticipated that this tool will enable the prompt resolution of stress related issues and therefore a continued reduction in absence levels.

Return to work (RTW) interviews are recognised as a critical event in the successful management of stress-related absence. As an employer we acknowledge the importance of this early engagement. As set out in previous quarters, a number of initiatives to support managers with completing RTW interviews are being explored and implemented. The contract with FirstCare has been renewed. The service is to be relaunched in the summer with an emphasis on driving up RTW compliance.

Revenue Budget Summary – The Q4 outturn is in line with budget. This includes a number of service underspends, offset by an overspend in Business Operations of £0.187m due to one-off implementation costs associated with the introduction of e-invoicing, full-year property and related costs for Tribune House and saving plans yet to be delivered (ref iii). In addition, departmental underspends were sufficient to fund £0.482m of outstanding commissioning cycle savings, which had been held in the Management and Support budget and previously projected to be delivered through use of reserves (ref ii).

The £0.482m outstanding Commission Cycle savings resulted from a £0.916m target, of which £0.293m was achieved and, £0.141m mitigated by other savings. Permanent mitigations have been identified to deliver these savings from 2016/17 onwards (ref i).

Capital Programme Summary – The Business Services Capital Programme has seen net slippage of £2.465m.

The decision to include St Mark's House (Eastbourne) in the Property Agile works has impacted the ability to deliver the projects at Eastbourne and Hastings sites as previously planned. The County Hall Central Postal Hub cannot be delivered until 2016/17 due to delays in the implementation of SharePoint 2013, which is required in order for the hub to operate. The County Hall Car Parking Project has now slipped until June 2016 following extended consultation (ref iv).

The Buildings Maintenance slippage results from delays in the implementation of the County Hall Lighting Upgrade. In addition, a large number of smaller Schools Maintenance projects were not delivered to the timescales previously forecast – most significantly the Tollgate roof replacement, Willingdon Community School cladding and Sandown Primary School roof and lights (ref v).

ICT were able to accelerate spend in 2016/17 on a number of key projects, including the People's Network (hardware such as PCs and internet access for libraries), and Protective Marking (software to support the Council to comply with data protection requirements) (ref vi).

Performance exceptions (Q1 – Red and Amber RAG rated targets, and amendments Q2-4 – RAG status changed to Red, Amber, Green, and amendments)								
Performance measure	Outturn 14/15	Target 15/16	15/16 RAG				2015/16 outturn	Note ref
			Q1	Q2	Q3	Q4		
There are no performance exceptions								

Savings exceptions

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

Savings description	2015/16 (£000)					Note ref
	Original Target	Target including unachieved savings c/f from previous year(s)	Achieved	Slipped	Unachieved	
Savings from new delivery models following commissioning cycle	561	916	293	-	623	
The Link / PSN	-	500	110	-	390	
All other savings	1,163	1,163	1,163	-	-	
Total BSD - original savings	1,724	2,579	1,566	0	1,013	
Mitigations						
- Permanent						
Permanent savings mitigating unachieved Link savings			390	-	(390)	
Permanent savings mitigating unachieved and Commissioning Cycle savings			141	-	(141)	
- Temporary						
Use of departmental underspend			482	-	(482)	i
Total BSD - savings with mitigations	1,724	2,579	2,579	0	0	

Revenue Budget

Divisions	Planned (£000)			2015/16 (£000)						Note ref
				End of year outturn			(Over) / under spend			
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net	
ICT	13,084	(7,619)	5,465	13,168	(8,051)	5,117	(84)	431	348	
Property	26,414	(20,135)	6,279	26,787	(20,691)	6,095	(373)	557	184	
P&T	2,598	(1,208)	1,390	2,719	(1,396)	1,323	(120)	188	68	
Finance	8,279	(3,594)	4,685	7,946	(3,296)	4,650	333	(298)	34	
Mgt and Support	521	(1,393)	(872)	523	(950)	(427)	(2)	(443)	(445)	ii
Orbis Transformation	-	-	-	951	(944)	7	(951)	944	(7)	
Procurement	1,058	(238)	819	1,045	(210)	835	12	(28)	(16)	
Non Specific	779	-	779	770	(13)	757	9	13	22	
Business Ops	3,430	(1,807)	1,623	3,896	(2,086)	1,810	(466)	279	(187)	iii
Total BSD	56,163	(35,995)	20,168	57,805	(37,637)	20,168	(1,642)	1,642	0	

Capital programme

Approved project	Total project – all years (£000)		2015/16 (£000)						Note ref
			End of year outturn			Analysis of variation			
	Budget	Projected	Budget	Actual	Variation (over) / under budget	(Over) / under spend	Slippage to future year	Spend in advance	
Core Systems Development	1,470	1,470	80	78	2	-	2	-	
The Link	2,718	2,718	17	(52)	69	-	69	-	
SALIX Contract	2,644	2,644	379	330	49	-	49	-	
AGILE	9,029	9,029	3,535	2,417	1,118	-	1,118	-	iv
Solar Panels	103	99	103	99	4	4	-	-	
Capital Building Improvements	41,100	41,100	8,036	6,813	1,223	-	1,223	-	v
ICT Strategy Implementation	11,039	11,039	2,423	2,683	(260)	-	-	(260)	vi
Total BSD Gross	68,103	68,099	14,573	12,368	2,205	4	2,461	(260)	

Children's Services – end of year 2015/16

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

2015/16 summary of successes and achievements

Inspection of the Council's arrangements for supporting school improvement – In November 2015 the Council's arrangements for supporting school improvement were re-inspected by Ofsted. The inspection letter recognises the impact of improvement activity and the difference this is making to the performance of schools and the outcomes for children and young people. The narrative recognises the significant progress we have made since the inspection in June 2014 and Ofsted has indicated that it does not need to re-inspect the service. Inspectors were clear about the impact of Excellence for All, our strategy for improvement, and the areas for improvement have been incorporated into the updated version of Excellence for All that was published in January 2016.

Attainment – In the 2014/15 academic year the percentage point gap between the lowest achieving 20% of Early Years Foundation Stage profile and the rest narrowed by four percentage points to 25.5% which is narrower than the national average of 32.1%. 80% of pupils in all schools achieved level 4 or above in reading, writing and maths at Key Stage (KS) 2, in line with the national average. For pupils achieving 5 A* - C GCSEs or equivalent including English and maths the percentage point gap was 31.2% compared to the national average of 28.3% (**ref i**).

Participation – 81% of eligible two year olds took up a place for free early education entitlement with an eligible provider. The national average take-up, reported in March 2016 was 74%. The rate of young people participating in education, training or employment with training has improved for academic age 16 (year 12) and academic age 17 (year 13) for Looked After Children (LAC) and for young people (see table below). The status of 4.5% of 16-18 year olds is not known (against our annual target of <5%). Most recent Local Authority (LA) comparison data from February shows that we are performing ahead of LAs in the South East, 6.5%, and England, 6.0%.

Measure	2014/15 outturn	2015/16 target	2015/16 outturn
% of LAC participating at academic age 16 (year 12)	80%	84%	89% (40/45)
% of LAC participating at academic age 17 (year 13)	69%	70%	78% (39/50)
% of young people participating academic age 16 (year 12)	96%	96%	96%
% of young people participating academic age 17 (year 13)	88%	87%	88.4%

In 90% of annual Special Educational Needs and Disability (SEND) reviews the child gave their views and/or participated. 90% of respondents to the feedback surveys agreed that things have changed for the better as a result of getting 1:1 targeted support from Early Help services.

In March an event was held at the Houses of Parliament, hosted by the MP for Wealden Nus Ghani, to recognise East Sussex secondary schools involvement in the Big Vote 2015 which elects the Youth Cabinet and promotes democracy; 23 secondary schools received certificates at the event.

Troubled Families – 895 households eligible under the Government's Troubled Families programme received a family support intervention against a target of 757.

Children's Social Care – The local Problem Solving Court for families with substance misuse, domestic abuse and mental health issues has completed its first year with the SWIFT (Support With Intense Family Therapy) team providing the expert assessment to the court. This is supporting more timely decision making for children.

This year, 33 women have received a full service offer from the Foundations Project which works with women who have previously had children removed from their care. 60% (20/33) of women engaged with Foundations reported improved mental health, and take up of effective contraception has been good. We have supported five women to retain care of their children safely.

Building on local partnership work on Child Sexual Exploitation, a therapeutic pathway for children who have experienced sexual abuse has also been established.

Looked after children and children with a Child Protection (CP) plan – The rate per 10,000 children (aged 0-17) with a CP Plan has reduced to 43.8 (462 children) against a target of 44.7 (471 children) demonstrating sustained improvement as a result of steps introduced as part of the CP action plan to safely reduce the number of children with a CP Plan, which was developed in 2014/15. The rate per 10,000 (of 0 – 17 population) of LAC has reduced from 52.2 (550 children) to 51.6 (544 children), this is below the IDACI expected rate of 57.4 for 2015 (the Income Deprivation Affecting Children Index (IDACI) is an index of deprivation). Data used for these measures has been taken from Liquidlogic the new case management system which was introduced in February 2016. This data may be subject to minor changes.

Adoption – the average time between a child entering care and moving in with its adoptive family, for children who have been adopted (days), for the three year period 2012 – 15 was 520 days (**ref ii**). This is below the national

average of 593 days and East Sussex is ranked 5th against Statistical Neighbours, with Suffolk ranked first with 480 days. The target set for 2015/16 was to be lower than the national threshold (487) which has not been achieved.

New inspection frameworks – There are two inspection frameworks for children's services. From February 2016, the Joint Targeted Area inspection in which: Ofsted; the Care Quality Commission (CQC); Her Majesty's Inspectorate of Constabulary (HMIC); and Her Majesty's Inspectorate of Probation (HMIP) will jointly assess how local authorities, the police, health, probation and youth offending services are working together in an area to identify, support and protect vulnerable children and young people. From May 2016 the Local Area SEND inspection conducted by Ofsted and the Care Quality Commission (CQC) will jointly assess how well a local area carries out its statutory duties in relation to children and young people with SEND in order to support their development. The inspection will review how local areas support these children and young people to achieve the best possible educational and other outcomes, such as being able to live independently, secure meaningful employment and be well prepared for their adult lives.

Revenue Budget Summary – At Q4 the department's outturn is an overspend of £0.588m (**ref ix**) against a net revenue budget of £64.868m. Pressure increased significantly in the last quarter on Education and ISEND (**ref viii**) from additional Early Years Educational Entitlement (EYEE) payments over and above Dedicated Schools Grant (DSG) funding received for this purpose due to increased take up of places by 3 year-olds, and higher ISEND agency placement costs. This was largely offset by additional pooled savings (**principally ref v**) as well as underspends within children's centres and reduced commissioning costs within Early Help and Commissioning (**ref vi**). Although Safeguarding, LAC and Youth Justice (**ref vii**) overspent at the outturn by £0.760m, reflecting the ongoing pressures on LAC, this was after achieving a reduction in spend of £1.1m in agency placements for children in care. This division has also overall seen a small improvement since Q3 as other savings have been made in other areas.

The department has continued to take a rounded approach to the budget, managing pressures in some parts, principally LAC within Safeguarding, LAC and Youth Justice (**ref ix**), through mitigations in others, including Central Resources (**ref vii**). This is also reflected in the savings exceptions where the red savings had been planned to be mitigated as far as possible through savings elsewhere in the department (**ref iii and iv**). However, full mitigation was not possible in the face of significant pressures across the department, as noted above. As part of budgeting and forecasting for 2016/17 and beyond, the department has been factoring in the unachieved savings and identifying further mitigations.

Capital Programme Summary – At Q4, several of the projects have continued to experience slippage into 2016/17, principally in the Basic Needs Programme (**ref xv**), although this has been offset by other projects in this area proceeding earlier than originally planned following a review of the overall programme. Universal Infant Free School Meals projects (**ref xii**) have also experienced slippage, with the majority of work now planned for summer 2016 to reduce the impact of the works on the running of schools.

The remainder of the £32.748m capital programme for 2016/17 (**ref xiv**) has continued on track. There has been some overspend during the year, principally on the Mobile Replacement Programme (**ref xi**) due to a combination of planning, site conditions, and weather problems; and on Diploma Exemplar (**ref x**) due to additional legal costs. The in-year overspends have been met from reductions to the Basic Need Programme (**ref xiii**).

Performance exceptions (Q1 – Red and Amber RAG rated targets, and amendments Q2-4 – RAG status changed to Red, Amber, Green, and amendments)								
Performance measure	Outturn 14/15	Target 15/16	15/16 RAG				2015/16 outturn	Note ref
			Q1	Q2	Q3	Q4		
Priority – Driving economic growth								
The % point gap between disadvantaged pupils achieving 5A* - C grades at GCSE or equivalent, including English and maths and their peers.	Ac year 2013/14 27.4% (National average 27.5%)	Ac year 2014/15 At or below the national average	A	A	A	R	31.2% National average 28.3%	i
the average time between a child entering care and moving in with its adoptive family, for children who have been adopted (days)	3 year average (2011-14) 533 days (National average 628 days)	Less than or equal to national threshold (487 days)	G	G	G	R	520 days	ii

Savings exceptions

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

Savings description	2015/16 (£000)					Note ref
	Original Target	Target including unachieved savings c/f from previous year(s)	Achieved	Slipped	Unachieved	
Looked After Children	500	1,105	-	-	1,105	
Home to School Transport	898	801	51	-	750	
All other savings	1,187	1,187	1,187	-	-	
Total CSD - original savings	2,585	3,093	1,238	0	1,855	
Mitigations						
- Permanent						
- Temporary						
Looked After Children - achieved through overall mitigation within CSD in 15/16.			964	-	(964)	iii
Home to School Transport - mitigation by robust assessment of need and on-going review of transport provision.			303	-	(303)	iv
Total CSD	2,585	3,093	2,505	0	588	

Revenue budget

Divisions	Planned (£000)			2015/16 (£000)						Note ref
				End of year outturn			(Over) / under spend			
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net	
Central Resources	(423)	(8,921)	(9,344)	(623)	(10,128)	(10,751)	200	1,207	1,407	v
Early Help and Commissioning	13,513	(3,014)	10,499	13,311	(3,248)	10,063	202	234	436	vi
Safeguarding, LAC and Youth Justice	43,420	(7,436)	35,984	44,640	(7,896)	36,744	(1,220)	460	(760)	vii
Education and ISEND	19,193	(5,704)	13,489	19,874	(4,985)	14,888	(681)	(719)	(1,400)	viii
Communication, Planning and Performance	18,493	(4,254)	14,240	18,702	(4,192)	14,510	(209)	(62)	(271)	
DSG non Schools	58,104	(58,104)	-	58,104	(58,104)	-	-	-	-	
Schools	177,573	(177,573)	-	177,573	(177,573)	-	-	-	-	
Total Children's Services	329,874	(265,006)	64,868	331,582	(266,127)	65,455	(1,708)	1,121	(588)	ix

Capital programme									
Approved project	Total project – all years (£000)		2015/16 (£000)						Note ref
			End of year outturn			Analysis of variation			
	Budget	Projected	Budget	Actual	Variation (over) / under budget	(Over) / under spend	Slippage to future year	Spend in advance	
Eastbourne Academy	-	14	-	14	(14)	(14)	-	-	
St. Peter's Chailey - Car Park	-	26	-	26	(26)	(26)	-	-	
Primary Capital Programme- Hurst Green	-	6	-	6	(6)	(6)	-	-	
Crowborough Beacon (Diploma Exemplar)	-	43	-	43	(43)	(43)	-	-	
ASDC (Aiming High Short Breaks: Disabled children)	497	497	438	425	13	0	13	-	
Hailsham Resource Centre (Dunbar Drive)	-	5	-	5	(5)	(5)	-	-	
Diploma Exemplar (Creative Learning)	1,357	1,450	57	150	(93)	(93)	-	-	x
Mobile Replacement Programme	7,392	8,059	1,335	2,002	(667)	(667)	-	-	xi
Etchingham School	6,995	7,490	(380)	115	(495)	(495)	-	-	
Family Contact	346	341	115	72	43	5	38	-	
House Adaptations for Disabled Children's Carers	1,255	1,255	254	110	144	-	144	-	
Schools Delegated Capital	3,890	4,900	967	1,977	(1,010)	(1,010)	-	-	
Universal Infant Free School Meals	1,961	1,961	1,421	732	689	-	689	-	xii
Early Years 2 Year Old's grant	3,031	3,031	2,149	1,992	157	-	157	-	
Lansdowne Shelving Grant	16	7	16	7	9	9	-	-	
Basic Need Programme	88,706	87,837	26,376	26,852	(476)	869	2,931	(4,276)	xiii
Total CSD Gross	115.446	116.922	32.748	34.528	(1.780)	(1.476)	3.972	(4.276)	xiv

Communities, Economy & Transport – end of year 2015/16

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

2015/16 summary of successes and achievements – The Bexhill Hastings Link Road (BHLR) opened on 17 December 2015, the contractor has now begun the final construction work on the greenways and complementary measures. We have completed over 250 schemes of road improvements during 2015/16, investing over £17m in the road network. East Sussex Invest 4 (ESI4) has approved grants and loans worth over £800,000 to 33 businesses, which is projected to create or maintain 150 jobs in the county. Locate East Sussex have helped 13 businesses move into, or relocate within, the county. The Business East Sussex service and website has been established, with a Business Support Navigator appointed. 57 apprentices have been recruited in the Council or schools, exceeding the target for the year. Planning permission for the Queensway Gateway Road was granted in December 2015. 66,453 premises were able to be connected to improved broadband speeds by the end 2015/16, with 82% able to receive speeds of 24 mbps and above. Nine high growth innovation and skills sectors are covered in the 'Sector Skills Evidence Reports' which are now live on East Sussex In Figures.

Paragraphs marked (GS) below highlight important contributions to the East Sussex Growth Strategy.

Inward Investment (GS) – Locate East Sussex helps to raise the profile of the county as a business location and highlight commercial opportunities for existing businesses looking to expand. During 2015/16, 13 businesses committed to or relocated to East Sussex which will create or safeguard an estimated 63 jobs. The contract with Locate East Sussex was due to end in May 2016 but has been extended for a further year, during which time a bid to the European Regional Development Fund (ERDF) will be developed which would expand and improve the service for an additional three years (ref i).

East Sussex Growth Hub (GS) – The Business East Sussex service and website, which provides support to businesses in the county, has been fully established with 250 registered businesses receiving support in just over six months since it was launched. A Business Support Navigator, who is the first point of contact at the Growth Hub, has been appointed. The Council, working with partners in the South East Local Enterprise Partnership (SELEP) has secured over £1m of provisional funding from both the Department for Business, Innovation and Skills and the EU ERDF programme, for the South East Business Boost project, to continue and expand the Growth Hub.

Develop a 'Prospectus' for East Sussex (GS) – During 2015/16 the focus of Team East Sussex's (TES) work changed from a prospectus created by the Council, to private-sector led prospectuses with Council colleagues in a supporting role. Due to the change in focus the prospectus wasn't completed in 2015/16 so we have not met our target, it is expected that a suite of themed prospectuses will be completed by the end of 2016/17.

Online Learning in Libraries (GS) – The target for online learning in libraries, in partnership with Learndirect and other funding organisations, was met in Q3. An additional 44 Learndirect and 51 Learn My Way courses were completed in Q4 bringing the total number of completed courses in 2015/16 to 373, surpassing the target of 270.

Apprenticeships (GS) – 57 apprentices were recruited in 2015/16, 26 in the Council and 31 in schools. Four apprentices left without moving into alternative training or employment, meaning our retention rate is 93%, which is a significant improvement since the new support programme was introduced in November 2015. 49 young people attended work readiness courses during 2015/16 against a target of 60. A further course was due to be held in February but Public Health was not in a position to appoint apprentices so the course was delayed until 2016/17 (ref ii).

Cultural Destinations (GS) – Tourism South East have been commissioned to conduct desk based research into countywide tourism, after funding was secured in Q3. Funding for the Coastal Cultural Trail is in place for the calendar year 2016 with work ongoing to secure funding beyond the end of the year (ref iii).

Queensway Gateway Road – Although planning permission was originally granted in February 2015, this was subsequently challenged and reapproved in December 2015. A further application for a judicial review was refused on 14 March 2016. Although on-site construction was delayed, enabling work commenced in Q4 as part of the overall construction programme, meanwhile off-site works and utility preparations have continued. The whole scheme is scheduled for completion by late 2016/early 2017.

Newhaven Port Access Road – Work has continued to try to agree the scope of the Business Case with the Department for Transport (DfT), however we have not as yet reached a consensus and so the Business Case has not as yet been submitted.

Bexhill Hastings Link Road (BHLR) (Combe Valley Way) – The road opened to traffic on 17 December 2015 and there have been a number of benefits, such as reduced journey times to the Conquest Hospital. The whole of Glovers House, the first building on the new Bexhill Enterprise Park, has been let. The contractor has begun additional work to complete the Greenways and it is anticipated these will be open to pedestrians, cyclists and equestrians during spring 2016. This means there is still uncertainty on the total contractor costs. The updated forecast for the BHLR is a gross

expenditure of £124.309m (ref xii).

Terminus Road, Eastbourne – The Council has plans for a scheme of pedestrian improvements, using shared street space principles, to complement the improvements being made to the Arndale Centre. Construction of stage 1 of the scheme, the station forecourt and cycle lane in Ashford Road, commenced in Q2. Contract documentation for the rest of the project has been completed and the tender process for construction is due to be complete in spring 2016.

Road Safety – Figures for January to December 2015 (pending DfT validation) show that there were 348 people Killed or Seriously Injured (KSI) on East Sussex roads, with 22 being fatalities. The KSI rate is a decrease of 10.3% compared to 2014, and 8% less when compared to the 2005-2009 average. Fatalities were significantly less than the 2005-2009 average of 33 per year but an increase on 2014 when there were 16. Five (22.7%) of the fatalities, and 61 (17.5%) of the KSIs, were on Highways England trunk roads. As per nationally, data for East Sussex shows that driver error was the main or a contributory factor in over 90% of crashes. The Council has approved a one off £1m investment, over three years, to attempt to reduce the number of KSIs in the county. The money will be used to provide behavioural change initiatives aimed at identified target groups who have an increased chance of being involved in a crash. A joint Scrutiny Board considered the proposed approach for the investment on 11 March 2016 and work will now start on forming a project group to take this initiative forward with interested partners. Following a discussion between senior officers at West Sussex, Brighton & Hove and East Sussex council's regarding the current DfT forecasts and the 40% target reduction in KSI rate, it has been agreed that the Sussex Safer Roads Partnership will be asked to undertake a review of the current KSI targets for Sussex and recommend an alternative approach by the end of 2016/17.

Road Condition – 2015/16 is the second year of a four year £70m investment plan to maintain principal and non-principal roads to at least their 2013/14 level, and improve the condition of unclassified roads. During 2015/16 the Council has invested over £17m in over 250 schemes of work. At the end of Q4 the percentage of roads that should be considered for structural maintenance are; principal roads 8%, an increase from 5% last year but still in line with the target set for 2015/16; non-principal roads 9%, unchanged from last year and in line with targets; and unclassified roads 22%, again unchanged from last year and in line with targets.

School Safety Zones – Construction of schemes have been completed at Heathfield Community College and Ratton School in Eastbourne. Further design work is required for schemes at St Richards Catholic College in Bexhill and Christ Church CE school in St Leonards (ref iv).

Trading Standards – During 2015/16; we held 29 business workshops which were attended by 477 people; officers visited 129 victims of mass marketing fraud, returning cash and cheques; and 100% of calls to the Rapid Action Team were responded to with a positive intervention saving customers tens of thousands of pounds. The Council developed a Financial Abuse Toolkit which was made available to other organisations such as the police and the NHS.

Revenue Budget Summary – Throughout the year the department was able to mitigate revenue pressures and at year end recorded an underspend of £31k. We did not need to draw down the full 2015/16 allocation of Economic Development and Highways Reprourement reserves; this is partly as a result of the change to the treatment of the Waste Reserve. There are a number of unachieved savings from 2014/15 that have rolled forward into the current year, the most significant shortfalls are in waste of which there were £715k on unachieved savings of which £219k has been permanently mitigated (the rest has been managed through the Waste Reserve) (ref vi, vii and ix) and Passenger Transport which has been mitigated using the underspend in Concessionary Fares (ref v and viii). There are also unachieved savings for Highways which will be delivered once the new contract is in place in May 2016. Road Safety and Emergency Planning are being mitigated in year by unexpected underspends and one off increased income. In addition to the unachieved savings, there was a budget shortfall for the maintenance of The Keep and Fleet Management. The Fleet Management pressure was moved into the departmental overheads to allow effective budget management within the service. The pressure is expected to increase further in 2016/17; however plans have been put in place to mitigate these pressures permanently.

Capital Programme Summary – At year end there is a significant increase in the net slippage, £16.1m compared to £3.2m in Q3. The capital expenditure was £81.7m against an approved programme of £98.7m. The slippage is mainly due to; Broadband, £4m (ref xi); Local Growth Fund (LGF) projects managed by Seachange Sussex, £1.9m; Integrated Transport projects, £2.3m (ref xvii); and the BHLR, £2.9m (ref xii). Other slippage includes; Southover Grange Registration Office where there were listed building planning delays, £734k (ref x); Uckfield Town Centre which was delayed by the requirement to have a second consultation, £754k (ref xiii); Business loans and grants where there are legal delays in issuing contracts, £641k (ref xiv); Terminus Road improvements, £586k (ref xviii); Library refurbishment projects that have been revised or are awaiting options, £720k; East Area Highways Depot for which a site has now been found, £294k (ref xvi); Highways Maintenance, £288k (ref xix); and Newhaven Port Access Road, £244k (ref xv).

Performance exceptions (Q1 – Red and Amber RAG rated targets, and amendments Q2-4 – RAG status changed to Red, Amber, Green, and amendments)								
Performance measure	Outturn 14/15	Target 15/16	15/16 RAG				2015/16 outturn	Note Ref
			Q1	Q2	Q3	Q4		
Priority – Driving economic growth								
Increase inward investment	10 businesses committed to or relocated to East Sussex	12 businesses committed to or relocated to East Sussex (N.B. year runs May 2015 - May 2016)	G	G	A	G	13 businesses committed to or relocated to East Sussex. 63 estimated jobs created	i
Number of young people completing work readiness courses with the County Council	N/A	60	G	G	G	R	49 young people participated in work readiness courses	ii
Deliver Cultural Destinations Action Plan as resources are secured	Action Plan agreed	Secure investment to deliver action plan	G	A	A	G	Tourism South East commissioned to undertake county-wide visitor data stock take. Action Plan to be refreshed in light of study findings in Q1 16/17. Artists in the Sussex Downs Trail - aiming to do soft launch without additional funding. Looking for new sources of funding to sustain Coastal Cultural Trail beyond 2016.	iii
Priority – Helping people help themselves								
Implement School Safety Zones to cover schools rated as high priority	2 zones completed	Implement School Safety Zones at four schools	G	G	G	R	2 schemes completed	iv

Savings exceptions

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

Savings description	2015/16 (£000)					Note ref
	Original Target	Target including unachieved savings c/f from previous year(s)	Achieved	Slipped	Unachieved	
Passenger Transport	1,660	1,660	1,310	-	350	v
Waste	-	715	75	-	640	vi
Emergency Planning	-	32	-	-	32	
Highways	150	430	150	-	280	
Road Safety	100	255	-	-	255	
Travellers Sites	-	10	-	-	10	
All Other Savings	332	467	467	-	-	
Total CET - original savings	2,242	3,569	2,002		1,567	
Red savings mitigations						
Mitigations						
- Permanent						
Waste WEEE Tonnes			219	-	(219)	vii
- Temporary						
Passenger Transport Vacancies etc.			58	-	(58)	
Travellers Staffing			10	-	(10)	
Road Safety Income			39	-	(39)	
Concessionary Fares			547	-	(547)	viii
Reduced contribution to Waste Reserve			563	-	(563)	ix
Other one-off departmental underspends			131		(131)	
Total CET – savings with mitigations	2,242	3,569	3,569	0	0	

Revenue budget

Divisions	Planned (£000)			2015/16 (£000)						Note ref
				End of year outturn			(Over) / under spend			
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net	
Management and Support	1,260	(160)	1,100	2,667	(1,360)	1,307	(1,407)	1,200	(207)	
Customer and Library Services	9,334	(2,677)	6,657	8,934	(2,331)	6,603	400	(346)	54	
Communities	3,395	(2,134)	1,261	3,615	(2,148)	1,467	(220)	14	(206)	
Transport & Operational Services	71,872	(36,739)	35,133	95,007	(61,067)	33,940	(23,135)	24,328	1,193	
Highways	18,224	(5,593)	12,631	19,457	(5,982)	13,475	(1,233)	389	(844)	
Economic Development	2,113	(1,430)	683	2,518	(1,722)	796	(405)	292	(113)	
Planning and Environment	2,843	(2,083)	760	2,742	(2,136)	606	101	53	154	
Total CET	109,041	(50,816)	58,225	134,940	(76,746)	58,194	(25,899)	25,930	31	

Capital programme									
Approved project	Total project – all years (£000)		2015/16 (£000)						Note ref
			End of year outturn			Analysis of variation			
	Budget	Projected	Budget	Actual	Variation (over) / under budget	(Over) / under spend	Slippage to future year	Spend in advance	
The Keep	20,236	20,207	330	214	116	29	87	-	
Rye Library	87	87	66	10	56	-	56	-	
Hastings Library	8,846	8,846	1,022	810	212	-	212	-	
Newhaven Library	1,754	1,754	157	53	104	-	104	-	
Southover Grange (formerly The Maltings)	1,200	1,200	836	102	734	-	734	-	x
Library Refurbishment Programme	1,983	1,983	418	70	348	-	348	-	
Newhaven Household Waste Recycling Site	2,041	2,041	1	1	-	-	-	-	
Pebsham S106	309	309	247	247	-	-	-	-	
Newhaven S106	48	48	48	48	-	-	-	-	
Travellers Site Bridies Tan	1,348	1,348	34	-	34	-	34	-	
Broadband	25,600	25,600	17,023	12,963	4,060	-	4,060	-	xi
Bexhill to Hastings Link Road	124,326	124,309	25,459	22,562	2,897	17	2,880	-	xii
BHLR Complimentary Measures	1,800	1,800	722	776	(54)	-	-	(54)	
Reshaping Uckfield Town Centre	2,500	2,500	930	176	754	-	754	-	xiii
North East Bexhill Roundabout	1,206	355	868	17	851	851	-	-	
Exceat Bridge Maintenance	500	500	80	33	47	-	47	-	
Economic Intervention Fund	7,945	7,945	1,614	973	641	-	641	-	xiv
Regional Growth Fund	4,000	4,000	1,858	1,858	-	-	-	-	
Catalysing Stalled Sites	916	916	100	-	100	-	100	-	
EDS Upgrading Empty Commerical Properties	500	500	120	-	120	-	120	-	
EDS Incubation Units	1,500	1,500	-	-	-	-	-	-	
North Bexhill Access Road	16,603	17,806	5,403	6,410	(1,007)	(1,203)	196	-	
Queensway Gateway Road	6,084	4,419	3,084	1,419	1,665	1,665	-	-	
Newhaven Flood Defences	1,500	1,400	400	300	100	100	-	-	
Sovereign Harbour/Site Infrastructure	1,700	1,530	700	530	170	170	-	-	
Swallow Business Park	1,400	655	1,250	505	745	745	-	-	
A22/A27 Junction Improvements	4,500	4,500	-	-	-	-	-	-	
Newhaven Port Access Road	23,219	23,219	344	100	244	-	244	-	xv
Street Lighting Invest to Save	920	920	17	-	17	-	17	-	
Local Sustainable Transport Fund - ES Coastal Towns	2,561	2,376	877	413	464	185	279	-	
Local Sustainable Transport Fund - Travel choices for Lewes	1,196	1,196	115	113	2	-	2	-	

Capital programme									
Approved project	Total project – all years (£000)		2015/16 (£000)						Note ref
			End of year outturn			Analysis of variation			
	Budget	Projected	Budget	Actual	Variation (over) / under budget	(Over) / under spend	Slippage to future year	Spend in advance	
Eastbourne and Hastings Light Reduction	3,704	3,704	47	38	9	-	9	-	
Lewes Station Bridge	1,118	1,183	884	949	(65)	(65)	-	-	
Eastern Depot Development	1,586	1,586	300	6	294	-	294	-	xvi
Newhaven Swing Bridge	1,528	1,548	566	586	(20)	(20)	-	-	
Waste Leachate Programme	250	250	-	-	-	-	-	-	
Integrated Transport - LTP plus Externally Funded	77,460	77,460	6,679	4,393	2,286	-	2,286	-	xvii
Speed Management	2,948	2,948	235	128	107	-	107	-	
Terminus Road Improvements	3,250	3,250	950	364	586	-	586	-	xviii
Highway Structural Maintenance	103,038	103,038	23,027	22,739	288	-	288	-	xix
Bridge Assessment Strengthening	16,945	16,860	575	501	74	85	-	(11)	
Street Lighting - Life Expired Equipment	7,902	7,902	869	863	6	-	6	-	
Rights Of Way surface and bridge replacement	4,617	4,617	410	401	9	-	9	-	
Total CET	492,674	490,115	98,665	81,671	16,994	2,559	14,500	(65)	

Governance – end of year 2015/16

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

2015/16 Summary of Successes and Achievements – The Council Plan, Portfolio Plans and Revenue Budget Summary have all been published, which completes the yearly RPPR cycle. Orbis Public Law was launched in April 2016. We have gone ‘paperless’ for all council meetings from April 2016. Our World War 1 website has been viewed over 90,000 times since launch, while we laid two commemorative paving stones during 2015/16. A review of Voluntary and Community Sector (VCS) infrastructure services has begun; we have also started the process to recommission the local Healthwatch Service.

Reconciling Policy, Performance and Resources (RPPR) – The RPPR process for 2015/16 which began with the State of the County report in July concluded with the agreement of the Council Plan, new Medium Term Financial Plan for 2016/17 – 2018/19 and savings plans by Full Council in February. The Council Plan will be refreshed in June.

Devolution – The Three Southern Counties (3SC) devolution plans progressed in Q4 through a schedule of meetings and discussions of Members and officers. To date, meetings have taken place with; the Department for Communities and Local Government; the Department for Business, Innovation and Skills; the Department for Transport; and the Treasury. All meetings were positive and provided the 3SC with an opportunity to explain fully the ambition of the partnership and how the “asks” fit together for an ambitious devolution programme to the Southern Powerhouse.

A 3SC Leaders’ Seminar took place on 8 April 2016 bringing together, for the first time, all of the Leaders and Chief Executives of the 26 Councils in the 3SC area and representatives of the East Sussex Fire Authority, the South Downs National Park Authority and the three Local Enterprise Partnerships which cover the area. The seminar was an opportunity to develop further the relationships required for an activity of the scale and ambition of the 3SC and to ensure there is a shared understanding of the proposals and the “asks” of Government.

Supporting democracy – During Q4 we supported 56 formal meetings including: two Full Council meetings; two Cabinet meetings; 12 Lead Member meetings; 16 scrutiny committees and review boards; and 24 other committees and panels. 137 school admission appeals were received and arranged, plus one exclusion appeal. All meetings were managed by Modern.gov, making the Council’s public information about meetings more accessible and relevant.

Work is progressing to implement a Members’ ICT strategy and the paperless project. The Members’ ICT Reference Group met in January and is overseeing the practicalities of encouraging and supporting effective use of ICT by Members. Eight Member workshops were held in March and several Members were supported to get the best from the technology, with some being allocated updated equipment. This has enabled us to go ‘paperless’ for all Council meetings from 1 April 2016. Although people are still receiving papers in a few instances, we have seen a significant reduction in the number being produced.

Digital Transformation – Rapid progress has been made in Q4 to develop a new leaner and more efficient school appeals process, which will both save money for the Council and improve the experience of parents. We have developed an interim website for the March/April peak in school admission appeals, with preliminary results showing a reduction in the proportion of those who, after investigating the process, go on to submit an appeal – from 37% to 15%. The proportion of those who complete an appeal once beginning the form has risen to 43%. This suggests the new process helps manage expectations around unrealistic appeals but makes it easier to submit a case. Each appeal costs the council £240 on average. We aim to have the full service in place by the autumn.

Legal Services – Our joint legal services partnership, Orbis Public Law, with Brighton and Hove City Council, West Sussex and Surrey county councils launched on 4 April 2016. Work before the launch included a very productive joint managers’ workshop held on 24 March 2016. A similar event for Legal Support Staff is planned for 11 May 2016.

In December 2015 Legal Services became aware that the Sussex and Surrey police services were jointly inviting tenders for a single legal services provider to commence on 1 April 2016, for a period of two years. Legal Services submitted a comprehensive bid for this work but unfortunately were not successful.

During Q4 we completed six Section 106 planning agreements securing potential contributions of £11m

Legal Services carried out further prosecutions on behalf of the County Council for fraudulent use of blue badges (disabled parking); a case concluded in Q4 resulted in a conviction with fines and costs totalling £253. In total convictions for blue badge fraud in 2015/16 resulted in fines and costs of more than £5,000 for the perpetrators.

There has been an increasing number of court hearings required in order to ensure that members of the community who are mentally incapacitated are protected. In Q4 we made three such applications but at the end of the quarter there were a further eight cases awaiting issue.

We continued to advise Children’s Services in pre-proceedings cases to enable families to keep their children within the family. 23 new pre-proceedings cases were opened to Legal Services in Q4. Where it is not possible to resolve the matter and it is necessary for care proceedings to be brought, we provide advice and representation to Children’s Services so that vulnerable children are secured in a safe placement, whether with relations, in foster care, or by way

of adoption. 2015/16 saw an increase in care proceedings, from 67 cases in 2014/15 to 87 in 2015/16. Despite this increase 57% of cases were concluded within 26 weeks, just missing the government target of 60%.

In March 2016, following a three day audit by the Law Society, we were re-accredited with its Lexcel Quality Service charter mark. In his report, the society's assessor noted 30 areas of good practice, the most we have ever recorded.

Effective publicity and campaigns – The communications team worked on 120 separate campaigns and projects during Q4. These included; the 'Don't Turn Your Back on Abuse' campaign which encouraged the public to raise concerns about vulnerable children and adults; and support for the Council's public consultation on libraries with a multi-strand campaign which helped to achieve 2,500 responses in Q4. In particular, the introduction of a digital newsletter for libraries saw 160 fresh consultation responses in the first 12 hours alone.

Media work – There were 166 media stories in Q4, which resulted from 45 press releases or other proactive publicity stories from the council's press office. At the same time, the team handled 283 media enquiries.

Web activity – The Council's main website had more than 1.8 million page visits during Q4, including a rise in the number of residents completing key tasks online, which saves the Council money. In Q4, the number of people claiming online for free central Government funded childcare for very young children rose by 60% (to 646); while the number making enquiries via the Council's online email form rose 39% (to 3,718).

Social Enterprise activity – A review of VCS infrastructure services has started and is led by Adult Social Care with the involvement of; the borough and district councils; Clinical Commissioning Groups; Public Health; and the three existing providers of Generic Infrastructure Services (3VA, HVA, and RVA). The review will provide recommendations on the future of the commissioned service in June 2016. The recommissioning of the local Healthwatch Service is underway; after initial research into the market, we have decided to follow a one stage procurement process, with a new contract being agreed by 1st April 2017.

World War 1 (WW1) commemorations – The website (www.eastsussexww1.org.uk) has been viewed 93,403 times since launch, by 29,427 individuals. It hosts 159 stories and events, 64% of which have been submitted or contributed to by the public. In Q4, 6,421 users viewed the site - 66.8% more than for the same period in 2015. 124 records of war memorials are available on our sister website, Recording Remembrance (www.recordingremembrance.org.uk). Our WW1 Twitter profile now has 1,331 followers, who are regularly making contact to share their WW1 stories.

Two commemorative paving stones, honouring local WW1 Victoria Cross recipients, were laid in 2015/16, one in Lewes (30 July) and one in Seaford (16 August). Planning is well under way with Eastbourne Borough Council, for a third ceremony in Eastbourne in July 2016 for Nelson Carter. As part of our commitment to ensure a positive legacy we have started to digitise WW1 editions of the Sussex Daily News newspaper. Every WW1 edition of several other local newspapers have been uploaded to the website, and the pages have been viewed 1,490 times. We continue to publish new batches of "Then and Now" photographs, which have proven particularly popular with the public, and have been viewed 3,275 times since October 2014.

To celebrate Women's History Month in March 2016, we tweeted two stories about women in East Sussex during WW1 every Tuesday and Thursday. We also published two new stories submitted by the public on "British Nannies in Great War Sussex" and "Amelia Mhlenstedt", a woman accused of being a spy during WW1. Our Women's History Month activity generated 4,538 page views from 2,253 individuals, 81% of which were new visitors to the website.

Welfare reform – Central Government issued a number of policy changes prior to the spending review which will alter the availability of permanent affordable accommodation: Right to Buy for housing associations, Pay to Stay for households earning over £30,000, Disposal of High Value Council Stock, fixed-term tenancies for all new social tenants, and rent reductions of 1% for the next 4 years. If the Disposal of High Value Council Stock policy is applied, it will have implications for the long term sustainability of district and borough council's ability to meet housing need and limit plans to bring forward new council housing.

The full roll out for Universal Credit (UC) across East Sussex will begin in Hastings in December 2016. This will put anyone in receipt of any benefits onto UC; previously only those claiming a single benefit have been transferred.

Health and Wellbeing Board – Within East Sussex, the 2015/16 Better Care Fund was established under a single Section 75 Pooled Budget agreement. Subsequent changes in governance arrangements within East Sussex Better Together mean that for 2016/17 there will be two pooled budgets; one for the Council, Hastings and Rother, and Eastbourne Hailsham Seaford CCGs; and one for the Council and High Weald Lewes Havens CCG. The Health and Wellbeing Board approved this approach on 12 April 2016.

Revenue budget summary – The final revenue budget was £1k underspend (**ref i**).

Capital programme summary – The case management system was successfully introduced, however there are some outstanding issues with the reporting system and other enhancements. The Laptops for Members project has slipped into future financial years due to the uncertainty over what equipment will be required at which point (**ref ii**).

Performance exceptions
(Q1 – Red and Amber RAG rated targets, and amendments
Q2-4 – RAG status changed to Red, Amber, Green, and amendments)

Performance measure	Outturn 14/15	Target 15/16	15/16 RAG				2015/16 outturn	Note ref
			Q1	Q2	Q3	Q4		
There are no Council Plan targets								

Savings exceptions

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

Savings description	2015/16 (£000)					Note ref
	Original Target	Target including unachieved savings c/f from previous year(s)	Achieved	Slipped	Unachieved	
Democratic and Scrutiny	18	18	-	-	18	
All other savings	177	177	177	-	-	
Total Governance - original savings	195	195	177		18	
Mitigations						
- Permanent						
- Temporary						
Refreshments and other			18	-	(18)	
Total Governance	195	195	195	0	0	

Revenue budget

Divisions	Planned (£000)			2015/16 (£000)						Note ref
				End of year outturn			(Over) / under spend			
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net	
Corporate Governance	3,605	(73)	3,532	3,482	(62)	3,420	123	(11)	112	
Corporate Support	3,686	(702)	2,984	3,972	(701)	3,271	(286)	(1)	(287)	
Management and Support	1,309	(364)	945	1,938	(1,169)	769	(629)	805	176	
Total Governance	8,600	(1,139)	7,461	9,392	(1,932)	7,460	(792)	793	1	i

Capital programme

Approved project	Total project – all years (£000)		2015/16 (£000)						Note ref
			End of year outturn			Analysis of variation			
	Budget	Projected	Budget	Actual	Variation (over) / under budget	(Over) / under spend	Slippage to future year	Spend in advance	
Case Management System	86	86	79	56	23	-	23	-	
Committee Management System	29	29	29	20	9	-	9	-	
Laptops for Members	42	42	42	-	42	-	42	-	
Total Governance	157	157	150	76	74	0	74	0	ii

Strategic Risk Register – Q4 2015/16			
Ref	Strategic Risks	Risk Control / Response	RAG
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
7	SCHOOLS An increasingly diverse set of education providers could, potentially, increase the risk of underperformance due to the local authority having fewer powers of intervention. This could impact negatively on the Council's reputation as Ofsted holds the local authority to account for the performance of all schools.	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
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. In April 2015, a high level Capital Programme Management Review was commissioned with a recognition that we need to not only set firm targets for the next year of the programme, but set indicative targets for the following years and start to focus on shaping the 2018-2023 capital programme. The brief set out that there needs to be shift of focus from capital programme 'monitoring' to capital programme 'management' in order to improve forecasting and scheme scheduling and planning.	R
1	ROADS Wet winter weather, over recent years has caused significant damage to many of the county's roads, adding to the backlog of maintenance in the County Council's Asset Plan, and increasing the risk to the Council's ability to stem the rate of deterioration and maintain road condition.	The additional capital maintenance funding approved by Cabinet in 2013 was approved on the basis that additional investment was required to stem the rate of deterioration in road condition and maintain the current condition. Since then an additional £10m has been invested in rural roads, and road conditions remain in line with modelling predictions. The County Council's asset management approach to highway maintenance is maintaining the overall condition of roads, despite recent winter weather. The preventative approach to the maintenance of the counties highway network is being further rolled out across all highway asset types, including highway drainage. The new highways contract commenced on 1st May 2016 placing asset management and customer service at its core to maintain the current condition of the public highway.	A

Strategic Risk Register – Q4 2015/16			
Ref	Strategic Risks	Risk Control / Response	RAG
4	HEALTH Failure to secure maximum value from partnership working with the NHS. If not achieved, there will be impact on social care, public health and health outcomes and increased social care cost pressures. This would add pressures on the Council's budget and/or risks to other Council objectives.	Implementation of East Sussex Better Together Programme by ESCC and Hastings and Rother CCG and Eastbourne, Hailsham and Seaford CCGs to transform health and social care in the county and deliver the Better Care Fund plan to improve outcomes for East Sussex residents, with robust governance arrangements reporting to County Council and Health and Wellbeing Board. 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. A Programme is being developed to improve health and social care outcomes for the High Weald Lewes Havens population. The development of this Programme will have implications for management capacity and for the Medium Term Financial Plan. The RPPR process will be used to manage this risk and associated implications.	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 years, the Government's plans for savings and the future funding of local government, coupled with the impact of new legislation and 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
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.	There are a number of mechanisms in place to engage with staff and listen to their ideas, suggestions and concerns, ranging from departmental forums such as the quarterly staff forum in CET, Employee Representative Group in ASC and EPIC champion group in Orbis, through to ad-hoc staff surveys. Alongside this, 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. We continue to engage with the Trade Unions on both a formal and informal basis, including discussions about change programmes and the impact on staff motivation and wellbeing. Finally, as part of our People Strategy commitments, a range of engagement and wellbeing initiatives have been developed and implemented. Examples include a new Stress Risk Assessment process, a 'Wellbeing' Yammer group and our commitment to the Mental Health 'Time for Change Pledge'.	A

Strategic Risk Register – Q4 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.	A
6	LOCAL ECONOMIC GROWTH Failure to deliver local economic growth, and failure to maximise opportunities afforded by Government proposal to allocate Local Growth Funding to South East Local Enterprise Partnership, creating adverse reputational and financial impacts.	<p>The East Sussex economy continues to grow with Gross Value Added (GVA) figures covering 2014 showing £17,321 per head, which is a rise of £435.00 or 2.58% from the previous year. East Sussex has been successful in gaining funding against local projects in Growth Deals Round 1 and 2 totalling £60.28m, along with additional funding of £11.5m via C2C and a pan-LEP Coastal Communities project, gained part-funding of £2m.</p> <p>In Quarter 4, business cases have been approved, legal contract agreements have been signed, all Local Growth Fund monies of £11.35m have been allocated and spent with schemes all on target in their construction. All projects where funding has been secured over future years, the business cases are being developed to unlock funding for other pipeline projects. In addition, Government have recently announced in the March that a 3rd Round of LGF programme of £2 billion will be made available for bids to be submitted in Summer period – we continue to develop and prepare our further pipeline of projects working with TES partners.</p> <p>Through the SE LEP 2015/16 Skills capital fund, Sussex Downs College (SDC) was successful in bidding for £160k to help deliver refurbished science facilities. In addition, under the new 'Skills Capital Specialist Equipment' fund SDC and Plumpton College have secured a further £163k, with equipment to grow the new STEM centre (SDC) and apprenticeships and skills training in engineering respectively.</p> <p>Calls for EU funding projects have been issued through various mechanisms (European Social Funds, European Regional Development Funds, European Agricultural Fund for Rural Development etc.)</p> <p>While the Business East Sussex (BES) core Growth Hub service has received confirmation from Government that it will receive a further two years funding of £113k/year until March 2018. Furthermore, working with our SE LEP partners on an EU ERDF bid termed South East Business Boost (SEBB) we have secured further funding. Specifically for East Sussex this will see an additional £900k+ invested into providing wrap around and more intensive business support services to the Growth Hub.</p>	G

Strategic Risk Register – Q4 2015/16			
Ref	Strategic Risks	Risk Control / Response	RAG
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 Board closure scheduled for May 2016. Ongoing monitoring of impacts through routine departmental monitoring arrangements. Most significant impact to date has been ongoing increased Safeguarding activity.	G

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Report to: **Cabinet**

Date: **28 June 2016**

By: **Chief Executive**

Title of report: **Reconciling Policy, Performance and Resources - State of the County**

Purpose of report: **To continue the Reconciling Policy, Performance and Resources process for 2016/17 and beyond**

RECOMMENDATIONS:

Cabinet is recommended to:

- i) agree to the continued development of a three year business and a five year financial plan based on existing priority outcomes and operating principles;**
 - ii) note that the anticipated financial context for the period 2016/17-2018/19 remains with a savings requirement of £70m-£90m;**
 - iii) agree to continue to develop plans for savings of £17.3m in 2017/18 from the areas of search set out in paragraph 7 for consideration by Cabinet in October 2016;**
 - iv) note the evidence base on demographics and the policy and resources outlook set out in the report and in Appendices 2 and 3;**
 - v) note the developing proposals for lobbying communications and engagement as set out in paragraph 6;**
 - vi) approve the updated current Capital Programme 2016-2018 as set out in Appendix 3; and**
 - vii) note the work in progress to develop a Capital Programme and Strategy for 2018-2023 in Appendix 4, which will be considered in full in October.**
-

1. Background

1.1 The State of the County report is part of the Council's continuing Reconciling Policy, Performance and Resources (RPPR) process, the business and financial planning cycle, and sets out the latest position as more detailed planning for 2017/18 is started, the second year of the three year plan agreed by Council in February 2016. The year-end monitoring report for 2015/16 is elsewhere on the agenda.

1.2 The Medium Term Financial Plan (MTFP) has been extended to 2020/21 to match the NHS 3+2 year model in preparation for an integrated budget with the Eastbourne, Hailsham and Seaford Clinical Commissioning Group (CCG) and the Hastings & Rother CCG and East Sussex County Council (ESCC) as part of the work on East Sussex Better Together (ESBT). The first three years of the revised MTFP updates the existing plans for the savings requirement. The further (+2) two years of the five year plan are more indicative and should be viewed as showing a direction of travel for the County Council. The Council Plan will continue to be set on a three year basis. As with last year, more detailed planning will be carried out on the next financial year than the following two, because of the high degree of uncertainty about both the Council's future functions and funding. The County Council will look to update its estimates for September.

1.3 Current plans are predicated on the need to make savings of £70m-£90m during the current three year plan period 2016/17-2018/19. This means that, despite continued commitments to maximise efficiency and income generation, a continued, direct impact on front line services for all areas across the organisation is unavoidable.

1.4 The Government has acknowledged the particular issues faced by Local Government in providing for the growth in the elderly population and has made provision for an Adult Social Care (ASC) precept to be applied for the years 2016/17 to 2019/20. The precept enabled the Council

to mitigate some savings within the ASC budget in 2016/17 and to fund some growth, while other budgets were reduced in real terms in line with the One Council priority outcomes and the policy of making differential savings across services. However, this increase in ASC is more than matched by an increase in demand. The pressure on the budget is being driven by both increasing numbers of residents needing support and by increasing complexity of needs. The reduction in funding for school related activities is also having a significant impact. The Council will, therefore, continue to face difficult choices in these services. Clear targets for the areas of investment and for delivery of the priority outcomes are set out in the Council Plan and in the Lead Members' Portfolio Plans.

2. Council Priority Outcomes

2.1 Last year, Members endorsed the existing priority outcomes, which provide a focus for decisions about spending and savings and direct work across the Council. The outcome that "the Council makes the best use of resources" is a test that will be applied to all activities. The four priority outcomes are set out in more detail in Appendix 1 and fall under the following headings:

- Driving economic growth;
- Keeping vulnerable people safe; and
- Helping people help themselves.

3. Development of the Council's Medium Term Plans

3.1 The Council's current MTFP runs until the end of 2018/19 and was agreed by County Council in February 2016. In order to facilitate closer working with health, it is intended to work towards a five year period for financial planning purposes, with detailed plans being developed for the first three years and indicative totals for the final two years. This will give as much assurance as possible for the planning of integrated health and social care services, whilst acknowledging the significant changes that will take place. This will enable longer-term service change to be achieved in support of the priorities and to deliver the savings necessary to achieve a balanced budget. The Council Plan and service targets will continue to be set on a three year period.

3.2 The next three years will see demand for services continue to rise due to demographic pressures. The changes expected to affect Council services are set out in Appendix 2. The key issues continue to be:

- The growth in the very elderly population;
- The growth in the number of households in the county and the need to provide suitable accommodation for the new and smaller households that will constitute the increase;
- The need to provide school places in the right areas to meet demand;
- The need to keep on creating good quality jobs so that the county's economy continues to improve and local residents can live prosperous and self-sufficient lives; and
- The need for infrastructure to support the changing needs of the populations.

3.3 The national and local context in which the Council's plans will need to be made is set out in Appendix 3. Broadly, the Government's long-term aim of reducing tax as a percentage of GDP, coupled with low productivity in the economy, means that public expenditure will continue to fall as a percentage of GDP until 2020. At the same time, there will be a move towards Councils retaining 100% of locally collected business rates (NNDR) to replace Government grants.

However, there are a number of uncertainties about the new system. The key risks relate to:

- How needs will be assessed to ensure that those areas, such as East Sussex, which are net importers of business rates currently can continue to fund services;
- How retained NNDR will be distributed between tiers of Local Government within areas;
- The nature and cost of any new responsibilities that will be transferred to Local Government as part of the new arrangements; and
- Management of risk – for example, the Government will retain control of the level of NNDR, the businesses that pay business rates and the rules relating to revaluation and appeals which could create significant volatility for Local Government.

3.4 The Government has set out a four year offer to Local Government of “a guaranteed budget to every Council which desires one and which can demonstrate efficiency savings – for next year, and for every year of this Parliament.” The Council has until 14 October 2016 to decide if it will accept the offer. It is not clear, however, what the advantages of accepting such an offer would be when the Government has also said the situation may change if the wider economic environment changes and when the 100% NNDR retention comes into force by 2020. Members will be updated in September.

3.5 Plans will continue to be developed in line with the savings plan agreed by County Council in February 2016. However, as the Government’s plans for the future funding and functions of the Council become clearer, there may be a need for further savings to be planned towards the end of the period. It will also be necessary to ensure that any pressures which arise during the year are reflected in future plans.

4. Meeting the Strategic Challenge

4.1 Each year, the key elements which will help the Council meet the strategic challenge it faces are identified. The key elements over the next 18 months are set out below, together with progress against them.



Cross-Council Facilitating Programmes

4.2 A summary of the progress on the cross-Council facilitating programmes which will help ESCC work most effectively in future years is set out below:

i) **People Strategy** – the People Strategy is being implemented. The key issues for the Authority in the coming year are the effects of the National Living Wage, the apprenticeship levy and national targets for recruitment of apprentices on finances and workforce (see paragraphs 2.25-2.28 of Appendix 3). In addition to working with the LGA to avoid a top-down target for apprentice numbers from Government and to exclude schools from these plans, work on devolution will include proposals for freedom to use the levy locally to support the skills needs in the wider economy.

- ii) **Customer Focus** – improvements are being developed to the way in which the Council deals with customers and to the recording of performance so that customers are served well and consistently, whether services are provided internally or externally. Plans are also being developed on a number of digital projects aimed at improving business intelligence and efficiency. (see paragraphs 3.1-3.3 of Appendix 3)
- iii) **Orbis and Orbis Public Law** – these key partnerships with South East Seven Authorities will improve both the efficiency and resilience of key back office services. This will enable services to continue to be provided against a background of diminishing resources. (see paragraphs 3.4-3.14 of Appendix 3)
- iv) **SPACES** – the programme aims to achieve £30m in capital receipts, £10m reduction in revenue costs and a 20% reduction in CO₂ emissions across the public estate in East Sussex. To date, £1.1m of net benefit has been identified for ESCC. (see paragraphs 3.17-3.21 of Appendix 3)

Maximising Control and Independence

4.3 In order to be able to plan effectively for the future and to maximise the resources available to help local people, the Council is working to ensure as much local control and predictability about its resources as possible. This work is supported by the following workstreams:

- i) **Income Generation** – the Council continues to place a high priority on income generation and work continues through the Member and officer group which has both senior officers and Lead Member involvement. (see paragraphs 3.15-3.16 of Appendix 3)
- ii) **Devolution** – the Three Southern Counties (3SC) area has a different economic profile from those which have already signed deals with the Government, as the 3SC area is a net contributor to the economy of the country. A devolution deal which offers the area greater benefit from the income generated within it will help to maintain the growth the UK economy needs and enable the area to have the infrastructure necessary to support that growth and maintain the quality of life of local people. Good progress is being made in building the partnership which will deliver the deal if it is agreed with Government and initial discussions have been held with the Treasury over the Government's appetite to negotiate a deal which has a greater scope and ambition than most which have been signed to date. (see paragraphs 2.7-2.14 of Appendix 3)

Service Change Programmes

4.4 In response to changes in legislation and in preparation for the scale of savings anticipated during the next planning period, a number of service change streams have been developed. It will be through these change streams, supported by the cross-Council facilitating programmes, that services will be reshaped in a way that will help them become sustainable in the future.

Excellence for All

4.5 Excellence for All 2016/17 sets out how the Council, in partnership with all educational providers across the county, will build on the successes of the past two years to create a truly excellent and inclusive education system for the children and young people of East Sussex.

4.6 Since the original Excellence for All was published in 2013, the Council and its partners have moved a long way towards achieving the shared vision that “all children and young people who are educated in East Sussex will attend an establishment that is at least rated “good” by Ofsted...and will make good levels of progress”. Key achievements to date include:

- Outcomes have increased significantly since 2013, with pupils achieving at least in line with national averages on most indicators, and well above on some, such as the percentage of early years children achieving a Good Level of Development;
- There has been a rapid increase in the number of children having access to high quality primary education, with over 80% of primary schools now judged “good” or better by Ofsted;
- The early years, secondary and post-16 sectors continue to perform well in terms of Ofsted outcomes;
- Positive reductions have been secured in fixed term exclusions since 2014; and

- The percentage of 16-18 year olds participating in education, employment or training continues to rise.

4.7 The strategy sets out how, in partnership with all local providers, the Local Authority will build on this success to deliver five key objectives over the next two years:

- Every school, college and setting to be judged at least “good” by Ofsted, and increase the proportion of schools judged to be “outstanding”;
- Performance at all Key Stages to be at least in the second quartile and, in many instances, in the top quartile on all key outcome measures;
- Accelerate progress for all key groups of pupils at all ability levels, with a particular focus on disadvantaged learners and those with Special Educational Needs and Disabilities, in order to close gaps in achievement at all Key Stages;
- Increase attendance and reduce both fixed term and permanent exclusions in line with national averages; and
- Every young person to be able to access high quality employment, further education or training up to the age of 19.

4.8 Whilst there will be little change in the numbers of children in the county, the peak in birth rates in 2010/11 and the changes in distribution of school age children in the area will mean that there are pressures on school places in some areas. The effect of this on the Capital Programme is set out in Appendix 4, paragraphs 2.14-4.22).

East Sussex Better Together

4.9 ESBT aims to develop a fully integrated health and social care system in East Sussex by 2018, ensuring every person enjoys proactive, joined-up care and support that enables them to live as independently as possible. The programme will help to bridge the funding gap of £135m by 2020 in health and social care in the ESBT area.

4.10 A single planning process is being developed further in the ESBT area which will ensure that decisions about services and finances are taken in a co-ordinated way across the Eastbourne, Hailsham and Seaford CCG and the Hastings & Rother CCG and ESCC and that resources are pooled. This will optimise health and social care outcomes for local people, whilst preserving the sovereignty and accountability of each organisation.

4.11 The position in the area covered by the High Weald Lewes Havens (HWLH) CCG remains the same as last year, where ESCC will work as closely as possible with health colleagues to improve integration. A programme of joint work is in development and this will be reported to Cabinet, however plans in this area are much less developed.

4.12 The different approaches and different stages of development of the joint programmes may lead to a divergence in the health and social care services offered across the county. The ESBT areas may benefit from new, integrated services which meet the growing needs of the older population which may not be immediately available in the HWLH CCG area. The need to make savings across the whole area in order to deliver a balanced budget could further exacerbate the difference across the county. (see paragraphs 3.23-3.33 of Appendix 3)

Highways Contract Re-let

4.13 The new highways contract which started in May 2016 will deliver savings of just over £1m per annum. The contract means the Council is responsible for managing the contract and the asset, but delivery of the contracted outcomes is the responsibility of the contractor. (see paragraphs 3.33-3.38 of Appendix 3)

5. Capital Programme

5.1 Work has been undertaken to update the current Programme 2013/14 to 2017/18 for agreement. As part of this update, it is proposed that the current Capital Programme include a budget for pre-planning work relating to the 2018-23 Programme that will give greater cost and programme certainty. (see paragraphs 4.19-4.29 of Appendix 3)

5.2 At the February 2016 Council meeting, Members were made aware of the requirement for a new, five-year Capital Programme. At that time, initial estimates of core needs identified a requirement of £414m and a funding level of £202m, creating a gap of £212m.

5.3 Since this meeting, further detailed planning work has continued in order to identify ways to manage the diminished level of resources and the increasing core need and reduce the funding gap by driving down costs and making the best use of resources. Current estimates of resources hold significant risk, for example, of the £143m estimated Government grants, only £3m (2%) is confirmed. The Council has focused on a strategy to deliver its core need for less. Where there are other service developments and needs that require capital investments, they will either be match funded or would need to be the subject of a business case that demonstrated return and payback.

5.4 Appendix 4 provides an updated position on the need for the core programmes and other known pressures including a high level estimate of potentially available funding.

6. Engagement, Communications, Partnership and Lobbying

6.1 Engagement and communications will take place on both the Council's overall position and specific proposals as they emerge with the public, partners, staff and stakeholders. Feedback from Members and partners on the 2015/16 process has been reviewed, and lessons learnt will be applied. The early and continued engagement in the proposals under consideration will remain ongoing in the lead up to final decisions by the Council in February 2017. Dialogue with Members across the Council will take place to garner ideas and views on how to tackle the issues faced through meetings with Group Leaders, Scrutiny Committees and Whole Council Forums. There is a commitment to be as open as possible, as early as possible about changes to the services that can be provided with services users, stakeholders and the public.

6.2 The Council will seek to lobby through national, local and regional networks and direct with decision makers on issues affecting the county to get the best possible outcomes for local people. Of particular concern over the next few months will be ensuring the new funding arrangements the Government puts forward provide for sustainable services in the future.

7. RPPR next steps

7.1 Through the RPPR process, proposals will be brought forward for savings across the next three financial years, on the basis of the plan agreed by Council in 2016 to reshape the organisation and deliver the savings required by commissioning services which will deliver the priority outcomes as far as possible, and in partnership with others where this will yield better outcomes for local people. Where the services commissioned are delivered by others, arrangements will be made to ensure that democratic accountability for use of budgets and outcomes is protected.

7.2 Whilst the existing service change, facilitating and income generation programmes identified above will help to ensure that the Council delivers its services in the most efficient way possible and that it maximises the use of all the resources available to it, they cannot deliver the scale of savings required during the next three years. The Council will continue to make sure it learns from best practice elsewhere, benchmarks its services for value for money and take efficiency savings where these are available. However, it will be necessary to continue to make savings of a scale that cannot avoid impact on front line services, which will bring increased risk to the Council and to those served.

7.3 The Council has identified its key outcomes against the four priority areas which will help officers bring forward prioritised and targeted savings plans (Appendix 1). The facilitating programmes contribute to the commissioning arrangements which will help to deliver a One Council approach to achieving the outcomes identified by Members.

7.4 The priority outcomes and operating principles are being used to shape the work already underway in relation to the elements in the strategic challenge diagram. Chief Officers used the priority outcomes to identify areas of search for savings agreed in October 2015. These are:

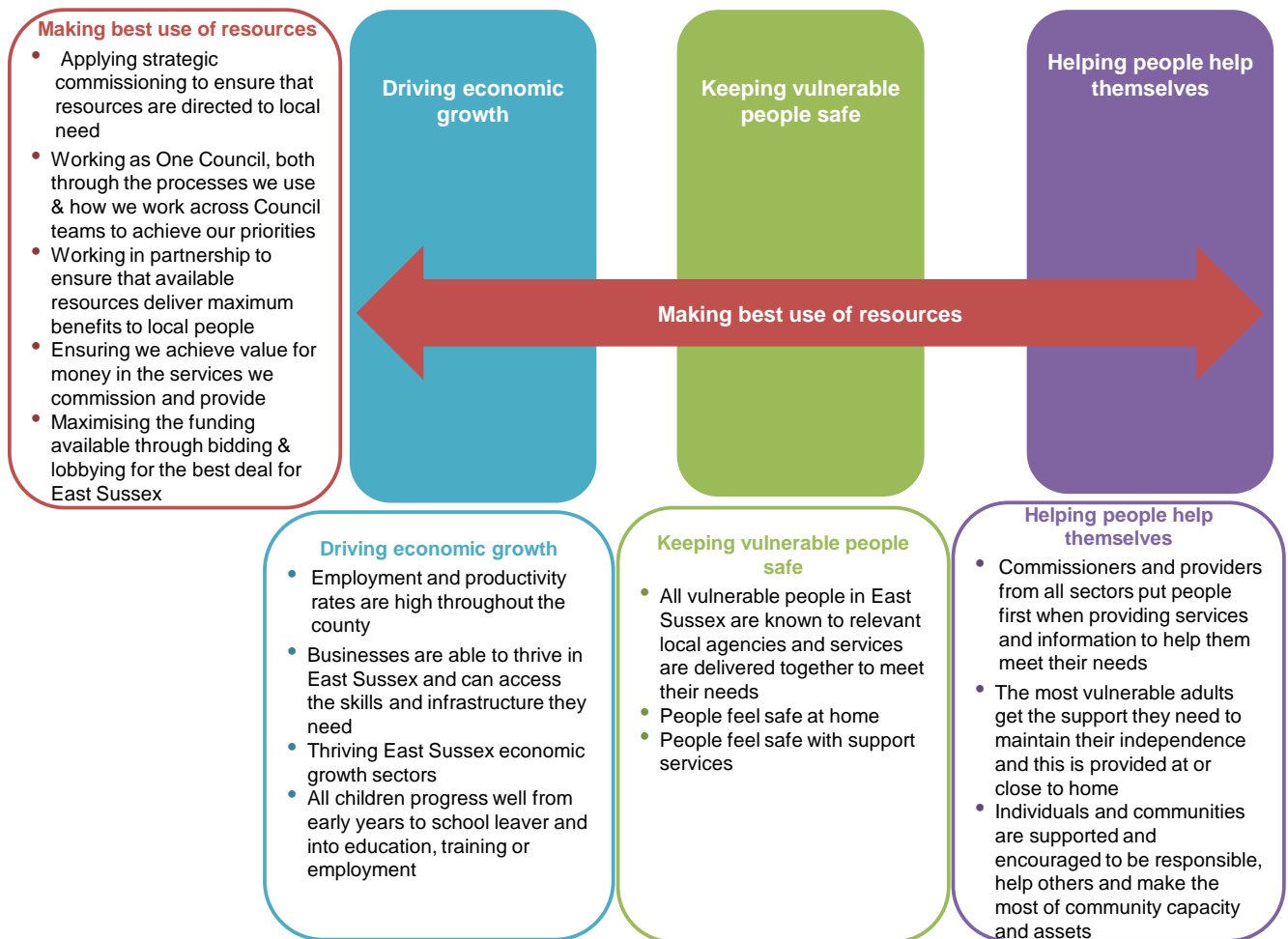
- Adult Social Care – integrating work with health to take a single view of health and care requirement;
- Children’s Services – integrated services with partner agencies; ensuring the right people work with the right children, families and settings in the right way for the right amount of time; integrated work with Adult Social Care and NHS; and mobilising communities and other partners to help children, young people and families as part of the community resilience work and increased digitalisation of service access;
- Review the Capital Programme to ensure the right choices are being made between revenue and capital to meet basic need in the county; and
- Commissioning Strategy for community based services, such as libraries.

7.5 Cabinet is also asked for its views on any additional areas of search it would like to see investigated.

7.6 Whilst planning will continue on the current savings assumptions over the summer, there remains significant uncertainty in some key areas. For example, the implications of accepting the Government’s four year funding offer are not yet clear, the new arrangements for localisation of business rates are at a very early stage of development by Government and plans in Adult and Children’s Social Care are dependent on integration with health, the full implications of which are being developed and are yet to be considered by Members. Focused work will continue over the summer on a number of aspects of the MTFP and Members will be updated in September. At that point, it is hoped that there will be greater certainty about what level of additional savings will be necessary. More detailed services and savings plans will be considered in October. It is not recommended, at this stage, that further savings are sought to meet the funding gap given the significant unknowns.

Becky Shaw
Chief Executive

Priorities and Delivery Outcomes



Contents

Population 2

Housing 3

Driving Economic Growth 5

 Employment and Earnings 5

 Growth Strategy 6

 School Places 9

Keeping Vulnerable People Safe and

Helping People Help Themselves 10

 Children 10

 Adults 12

 Health and Disability Indices of Deprivation 15

 State of the County Data 16

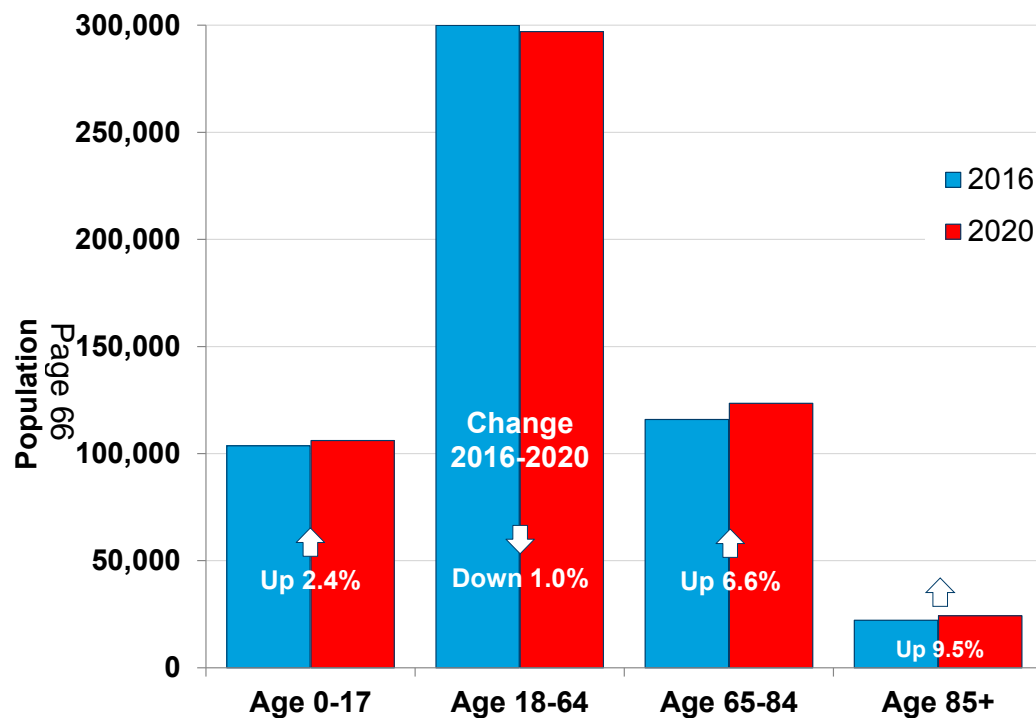


East Sussex Population Growth

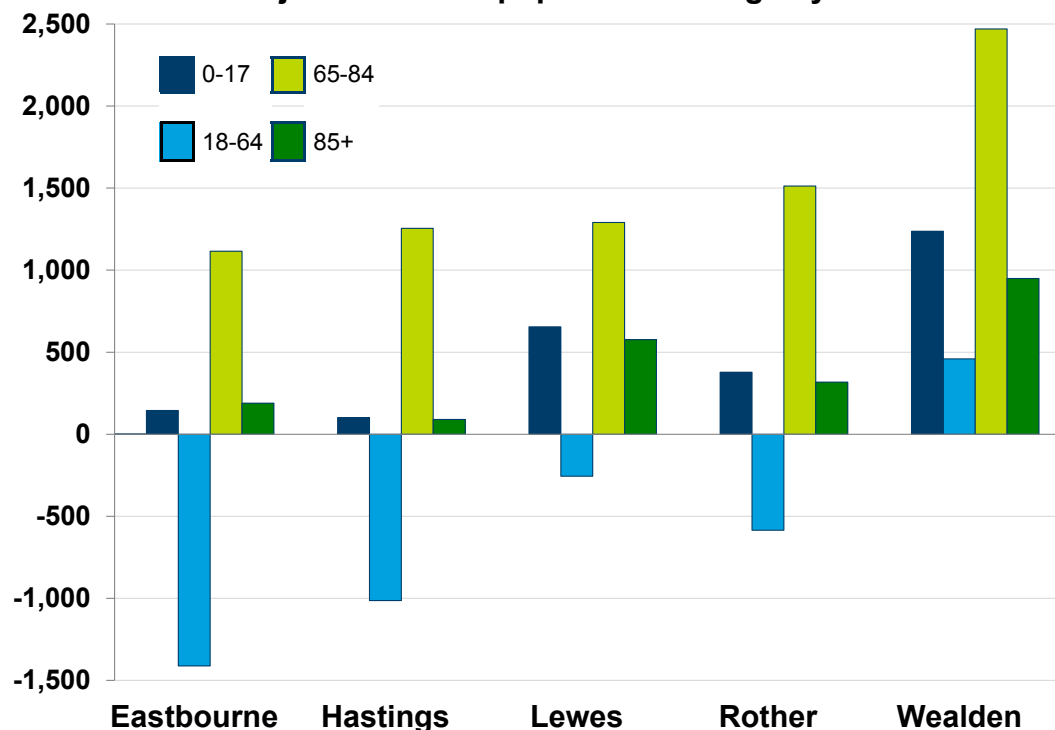
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Population 2016 541,500	+	Births 21,700	-	Deaths 23,100	+	Migration in 124,500	-	Migration out 113,600	=	Population 2020 551,000 +9,500 (1.8%)
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Projected total population 2016-2020



Projected district population change by 2020



Age band	2016	2020	Actual change	% change
0-17	103,550	106,070	2,520	+2.4%
18-64	299,850	297,050	-2,800	-0.9%
65-84	115,900	123,540	7,640	+6.6%
85+	22,160	24,280	2,120	+9.6%
All people	541,470	550,950	9,480	+1.8%

Compared to 2016, by 2020 there will be:

- 9,500 more people living in East Sussex (+1.8%), with most growth among ages 65+
- 950 more people aged 85+ in Wealden, up 16%; but just 90 (3.6%) more in Hastings
- A small increase in child numbers, following the birth rate peak in 2010/11
- A small decrease in working age population (age 18-64)

Compared to 2016, by 2020 there will be:

- 250,700 households in the county, an increase of 3.3% from 242,700 in 2016; with the largest number of new households in Wealden, 3,300
- 3.1% increase in the number of one person households to 82,300

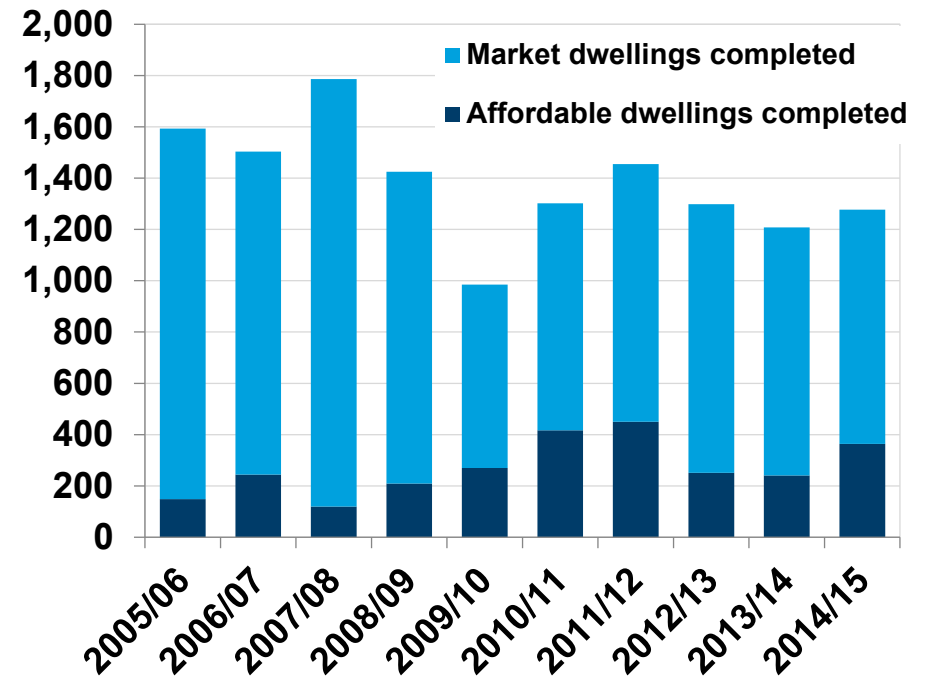
Housing need and supply

- East Sussex has 248,820 dwellings. 9,740 Local Authority and 16,770 Private Registered Provider
- 6,949 dwellings were vacant in 2015; a decrease of almost one quarter since 2005
- In 2014/15, 1,277 dwellings were completed of which 28% were affordable
- The average house price in January 2016 was £214,135, compared to £190,498 for England and Wales
- The average house price is 8.6 times the average full-time wage for those working in East Sussex and 7.9 times the average full-time wage for those living here
- Home ownership at 69.2% in 2011, highest in St. Marks, Bexhill at 91.3%, lowest in Central St. Leonards, Hastings at 26.7%
- 7,731 households in the county on local authority housing waiting lists in 2015
- 6.6% of households had fewer rooms than required, 8.5% in England and Wales and 7.5% in South East. Concentrations in urban coastal areas. 20% in Central St Leonards and over one third in parts of Devonshire ward, Eastbourne

Sources: Census 2011 and Department for Communities and Local Government

Note: Affordable housing includes housing for social rent, shared ownership, low cost home ownership and sub-market rent

Number of completed new dwellings in East Sussex

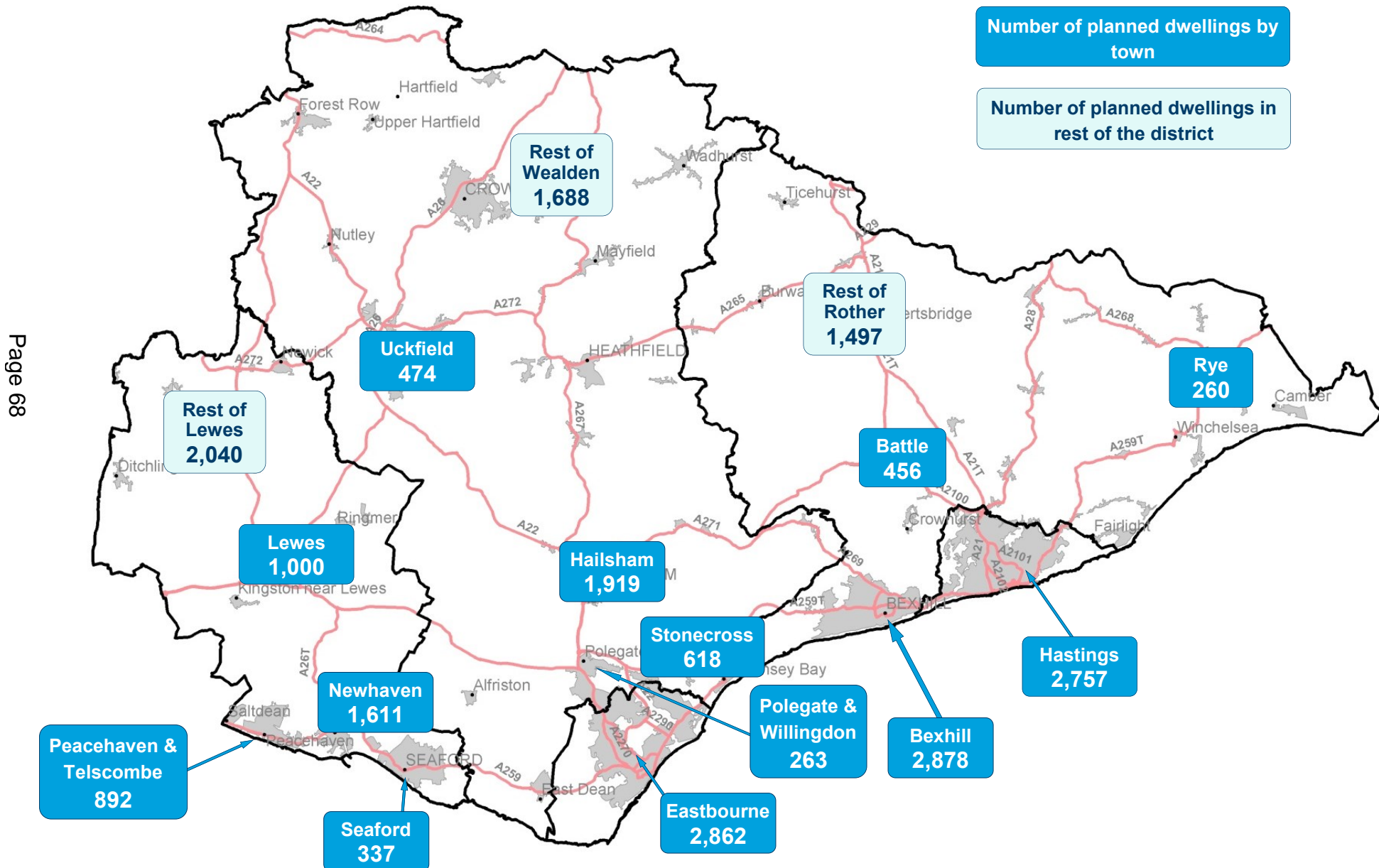


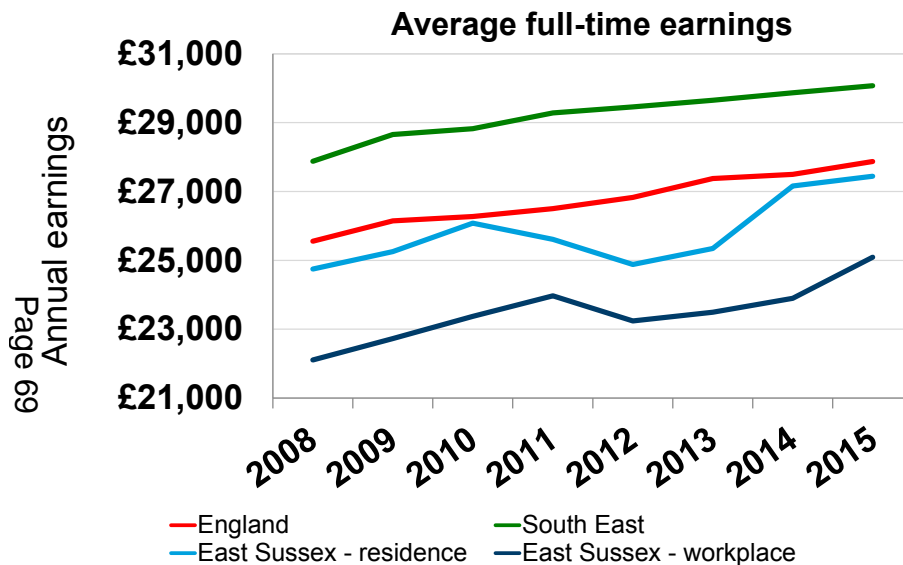
Source: ESCC On-line Housing Monitoring Database

Adopted Local Plans	Number of dwellings over plan period
Eastbourne: Core Strategy Local Plan, adopted February 2013	5,022 (2006-2027) 239 p.a.
Hastings: The Hastings Planning Strategy, adopted February 2014	3,400 (2011-2028) 200 p.a.
Lewes: Joint Core Strategy, adopted June 2016	6,900 (2010-2030) 345p.a.
Rother: Core Strategy, adopted September 2014	5,700 (2011-2028) 335 p.a.
Wealden: Core Strategy, adopted February 2013	9,440 (2006-2027) 450 p.a.
Long term proposed additional growth	
Wealden: Issues Options and Recommendations October 2015*	19,950 (2013-2037) 831 p.a.

*Preferred option focuses development in South Wealden. However proposed development levels and distribution need to be tested to see if they are acceptable and deliverable including supporting infrastructure

Planned housing growth in Adopted Local Plans (less completions to March 2015)





Source: Annual Survey of Hours and Earnings (ASHE)

Average (median) earnings, workplace-based					
	2009	2011	2013	2015	% Change 2009/15
Eastbourne	£25,088	£25,153	£23,991	£27,447	+9.4%
Hastings	£20,558	£22,585	£22,103	£24,776	+20.5%
Lewes	£25,167	£25,226	£26,653	£26,101	+3.7%
Rother	n/a	£21,393	£21,362	£21,978	+2.7%
Wealden	£22,695	£24,015	£22,825	£24,569	+8.3%

Employment

- 73.1% of working age population (age 16-64) in employment 2014/15 (down from 74.1% in 2013/14), Great Britain 72.7%, South East 76.3%
- County employment rate remains below pre-recession level of 76.0% in 2007
- Overall claimant rate for JSA or Universal Credit March 2016, 1.4%
- 18–24 year old claimant rate for JSA or Universal Credit March 2016:
 - 2.7% (1,045 claimants) down from 4.8% (1,855 claimants) March 2014
 - fell in all districts, the greatest change in Hastings, now 3.9% down from 7.1% March 2014
 - lowest rate, Wealden 1.4%

Sources: Nomis; Annual Population Survey (APS), Jan-Dec 2015, ONS Claimant Count and Nomis area profile, March 2016

Earnings

Residence-based (those living in East Sussex)

- £27,441 average full-time wage in 2015, 1.5% below the national average and 8.8% below the South East average
- East Sussex average full time wage projected to increase to £28,400 by 2020
- In 2014, 34.9% of work was part time, England 30.4%, South East 31.1%
- Average part time wage £8.59 per hour in 2015, compared to full time wage of £13.25
- Annual earnings for all residents has decreased by 1.4% since 2014, England +1.6%, South East +2.1%

Workplace-based (those working in East Sussex)

- £25,093 average full-time wage in 2015
- 10.0% below the national average and 13.6% below the South East average
- Average part time wage in 2015 was £8.21 per hour; full time £12.12

Source: Annual Survey of Hours and Earnings (ASHE) 2015

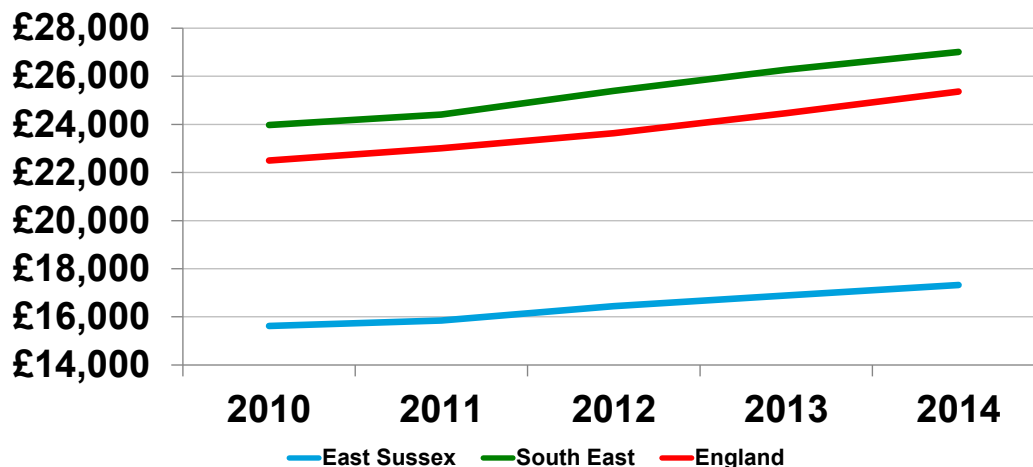
East Sussex Growth Strategy

- Published in 2014, The East Sussex Growth Strategy (ESGS) sets out an ambitious vision for the East Sussex economy to 2020
- Goals include:
 - Increasing Gross Value Added per capita by 20% by 2020
 - Enhancing digital connectivity (e.g. broadband) and physical connectivity (e.g. roads)
 - Supporting business start-ups and promoting the county as a business location
 - Developing skills that match business needs
- ESGS highlights emerging high growth and innovative sub-sectors including: engineering and advanced manufacturing; health and social care; and digital, media and creative

Gross Value Added (GVA)

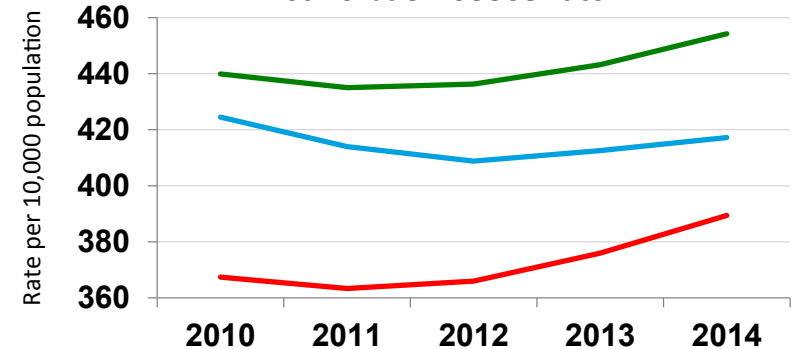
- GVA per head measures the value of goods or services produced in an area per person living in that area
- GVA per head in East Sussex in 2014 was £17,321; England £25,367, South East £27,012
- The East Sussex rate is an increase of 10.9% (£1,697) since 2010; below the increase in England, 12.7% (£2,866), and the South East, 12.7% (£3,040)

GVA per head



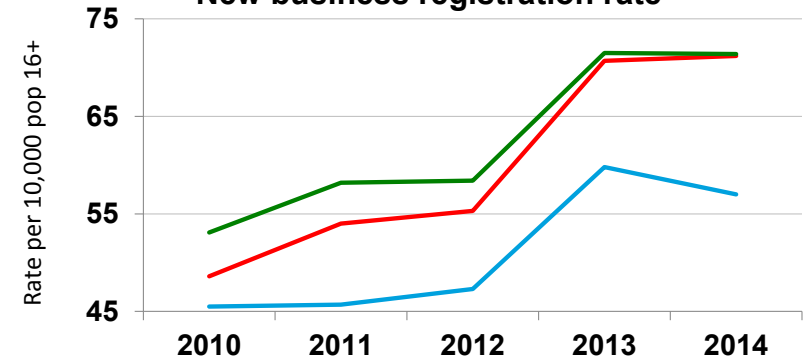
Source: ESIF Gross value added (GVA), 1997-2014 - county
Note: income is added to the GVA where people work not where they live

Active businesses rate



Source: ESIF, Business demography, 2004-2014 - districts

New business registration rate



Source: ESIF, New business registration rate, 2004-2014 - districts and Business demography, 2004-2014 - districts

Active businesses and new business registration rates

- Business formation has been showing signs of recovery across the county
- More active businesses in 2014 (22,520) than in 2013 (22,045)
- More business starts (2,550) than closures (1,965), although there were slightly fewer starts in 2014 than in 2013 (2,645)
- All areas of the county, and nationally, saw a steady decrease in business registration rates between 2008 and 2010
- 2013 saw a 26% increase in registration rates in the county, England 28%, and South East 22%
- However while the rate in the South East and nationally has remained steady or even increased slightly in 2014, it has decreased by almost 5% in East Sussex

Transport and complementary infrastructure

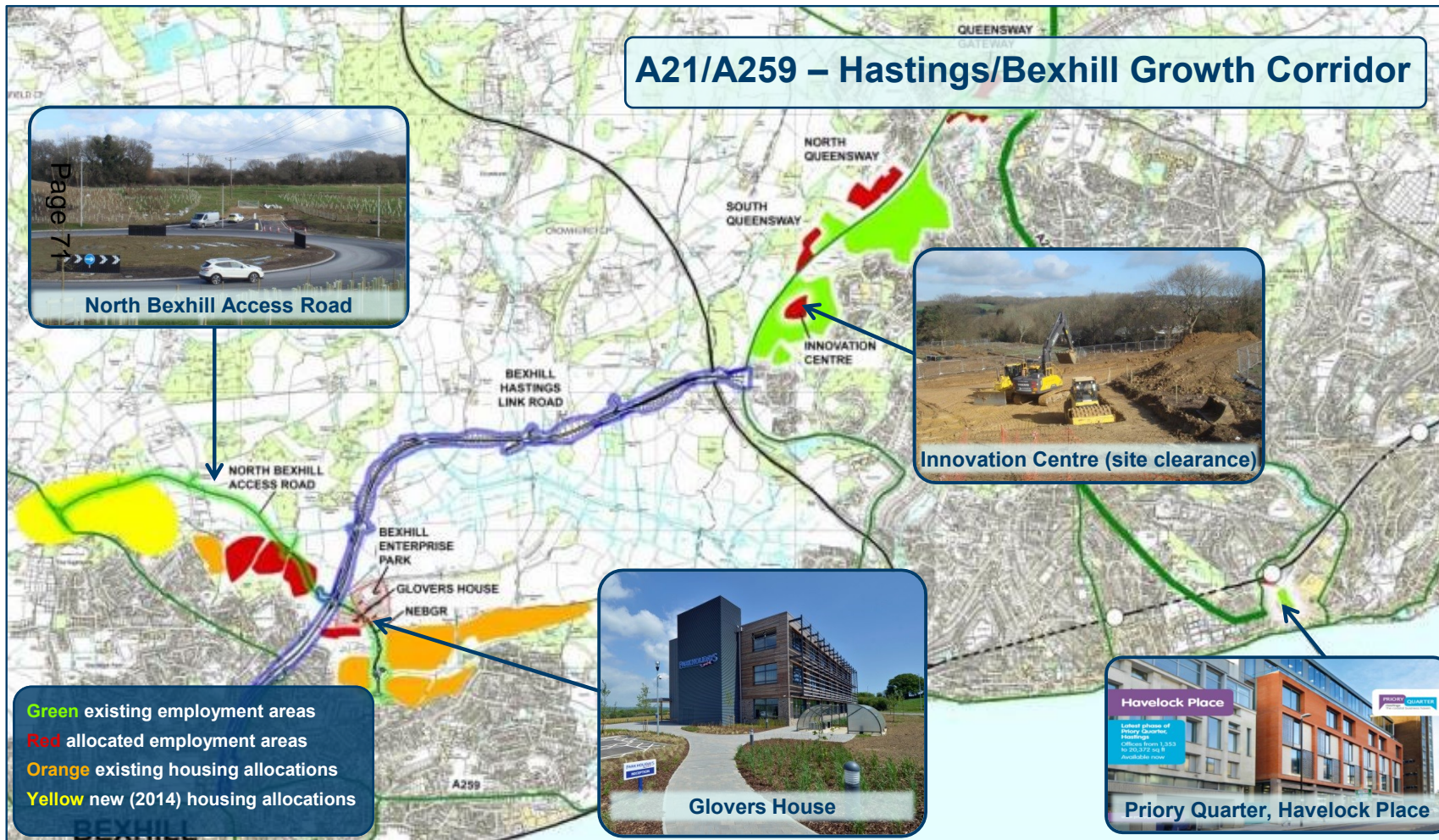
- The Bexhill Hastings Link Road (Combe Valley Way) opened December 2015
- Planning permission granted for over 1,000 houses and 7,000sqm of business space on land opened up by the road and the first building on the new Bexhill Enterprise Park, Glovers House, is now fully let
- Havelock Place in Priory Quarter business district was fully completed in 2015 offering 2,250sqm of office space, which can accommodate up to 350 employees
- Terminus Road improvements in Eastbourne to support the refurbishment of the Arndale Centre



Arndale Centre improvements

Planned from 2016

- Newhaven Port Access Road will offer improved access to the port, part of Newhaven rejuvenation
- Queensway Gateway Road
- A27 improvements Eastbourne - Lewes
- A22/A27 junction improvements - Polegate
- HS1 rail extension to Bexhill-on Sea subject to funding



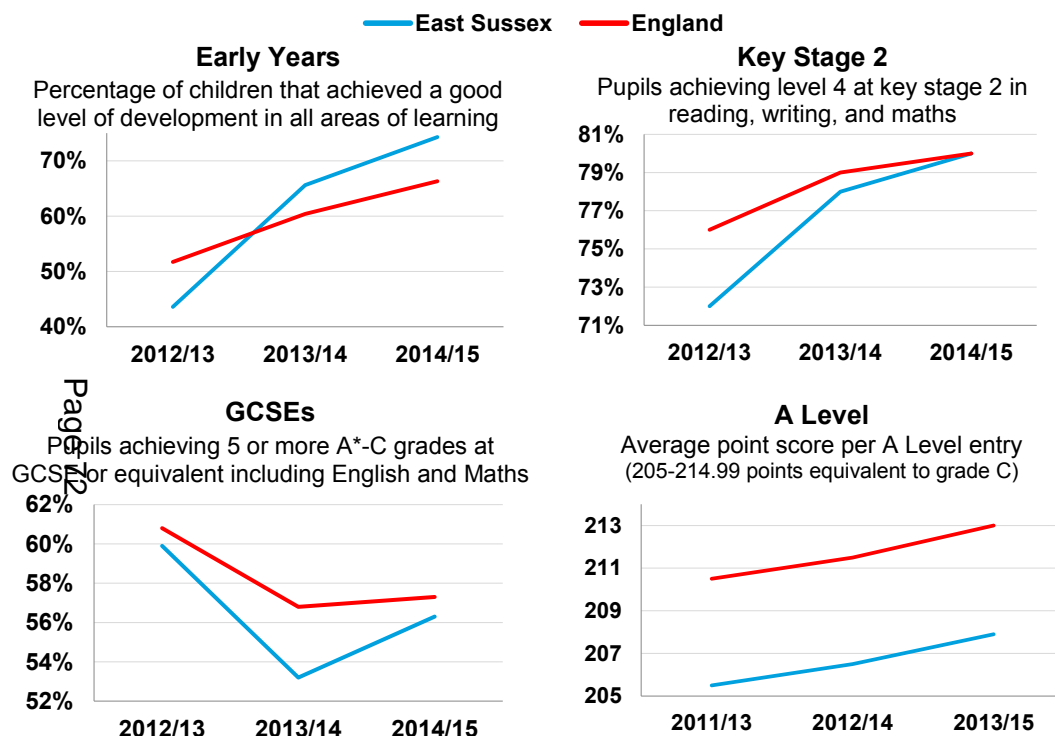
Digital infrastructure

- In 2013, 80.3% of people in East Sussex had used the internet in the last three months, UK 83.3%, South East 86.6%
- Since then, 66,453 additional premises have access to improved broadband speeds
- 82% of these new connections are able to receive speeds of 24mbps and above
- By 2015 the number of people who had used the internet in the last three months in East Sussex increased to 88.1%, UK 86.2%, South East 89.6%

Source: ONS, Internet users 2015

Skills

- Achievement rates have been rising over the last three years for early years and primary school age children
- After a drop in 2013/14, GCSE achievements have improved to 56.3%, closer to the national average, 57.3%
- A level average point scores are still lower than England by 5.1 points



Qualifications of working age population 2015

	No qualifications	NVQ Level 1 (GCSE grade D-G, etc.)	NVQ Level 2 (GCSE grade A*-C)	NVQ Level 3 (A Level, etc.)	NVQ Level 4 (Degree, etc.)	Other qualifications
East Sussex	8.8%	84.7%	70.3%	53.7%	31.2%	6.6%
South East	6.3%	88.5%	76.8%	60.5%	39.8%	5.2%
England	8.4%	85.0%	73.4%	57.1%	36.7%	6.6%

Note: Survey data, confidence level +/- 1.6 - 3.2 for East Sussex. Therefore care should be taken when reading these results
 Respondents qualified to at least the level shown
 Source: ESIF: Qualifications of working age population, 2005-2014 - districts

- 6.5% increase in people with a level 4 qualification in East Sussex since 2010
- Eastbourne has the highest proportion of people with a level 4 qualification (38.0%), the lowest is Hastings (24.9%)

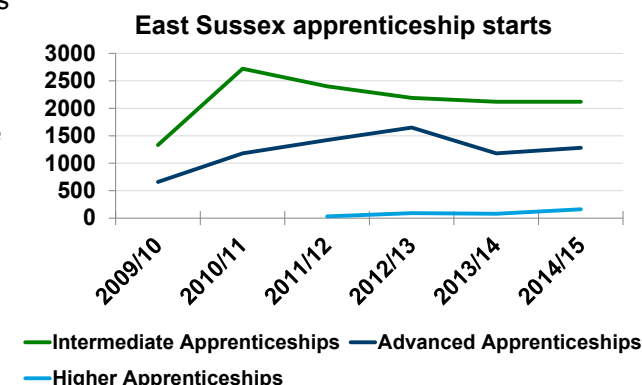
Meeting business needs

- Innovative firms employ a higher share of Science, Technology, Engineering and Maths (STEM) graduates
- Nationally in 2015, the STEM graduate employment rate was 88.4%, Law, Economics & Management 88%, and Other Social Sciences, Arts & Humanities 85.6%
- 27.8% of A level entries in the county were for STEM subjects in 2014/15, lower than England (32.5%) and less than the previous year (30.6%)
- University Technical College Harbourside, Newhaven, opened in 2015, offering young people GCSE and A level STEM training in Marine focused subjects
- Work has started on a £14m Advanced Engineering Building at Brighton University, which will work with students and local engineering companies
- The Skills East Sussex engineering task group is delivering a range of STEM focused careers guidance and delivery activities including STEMfest East Sussex events, STEM careers materials, new curriculum planning and course delivery, and employer site visits, in order to stimulate interest in STEM learning and ensure that local provision meets increased demand

Source: DBIS, Graduate Labour Market Statistics, April 2016

Apprenticeship rates

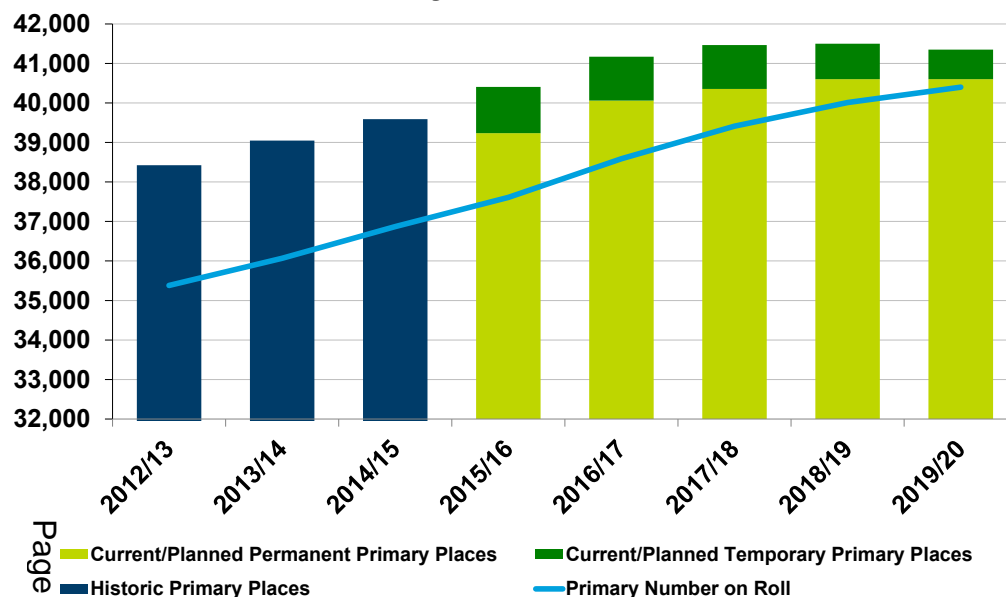
- 5.1% of the 1,000 East Sussex businesses surveyed in 2014 currently employed government funded apprentices
- 1.6% were in the process of hiring apprentices and 15.4% said they would be likely or very likely to do so in the future
- In 2015/16 the Council took on 57 apprentices and 49 young people participated in our work readiness courses
- In 2016/17, a further 80 will participate in work readiness provision and at least 56 will undertake a Council or school apprenticeship



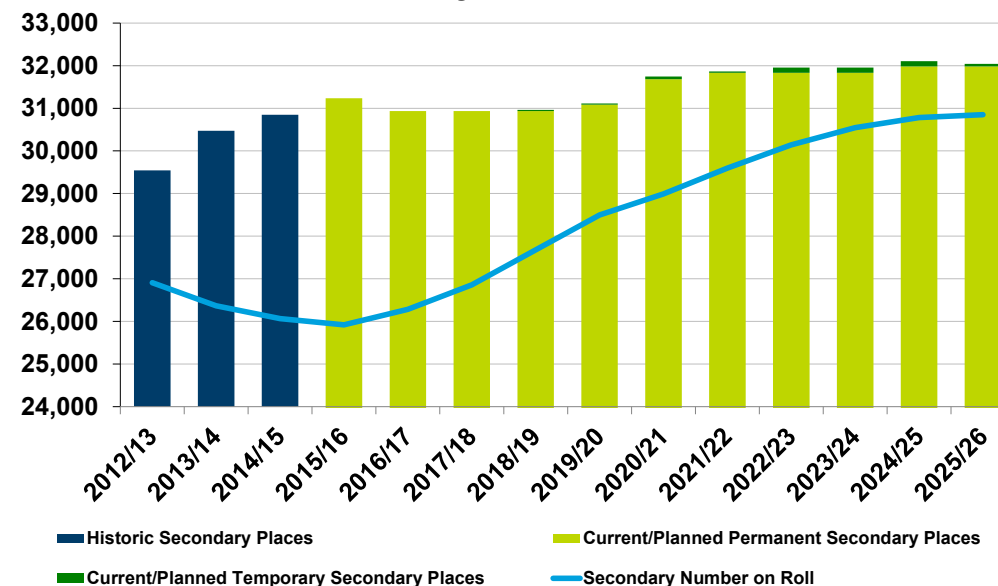
Source: ESIF: Apprenticeship starts and achievements, 2005-2015 - districts

- Skills East Sussex has secured funding to deliver apprenticeship awareness sessions in all secondary schools for 450 young people, to offer one-to-one support into an apprenticeship for 240 young people, and to run three sector specific pre-apprenticeship work readiness programmes in 2016/17 for 60 young people
- In 2017, an apprenticeship levy will be made on any organisation with a payroll bill of £3m or more. It is proposed that public sector organisations will be required to employ 2.84% of their workforce as apprentices

Primary School Places



Secondary School Places



Source: Education Commissioning Plan 2014-18 Forecast Total Primary and Secondary Numbers and Pupil forecasts January 2016

Primary school places

- Additional capacity is planned to meet forecast shortfalls in local areas: 947 extra places by 2019/20 compared to 2015/16
- Includes additional temporary places to meet short-term demand
- Total numbers on roll expected to fall from around 2021/22
- Post 2021/22 increases still likely in some local areas

Secondary school places

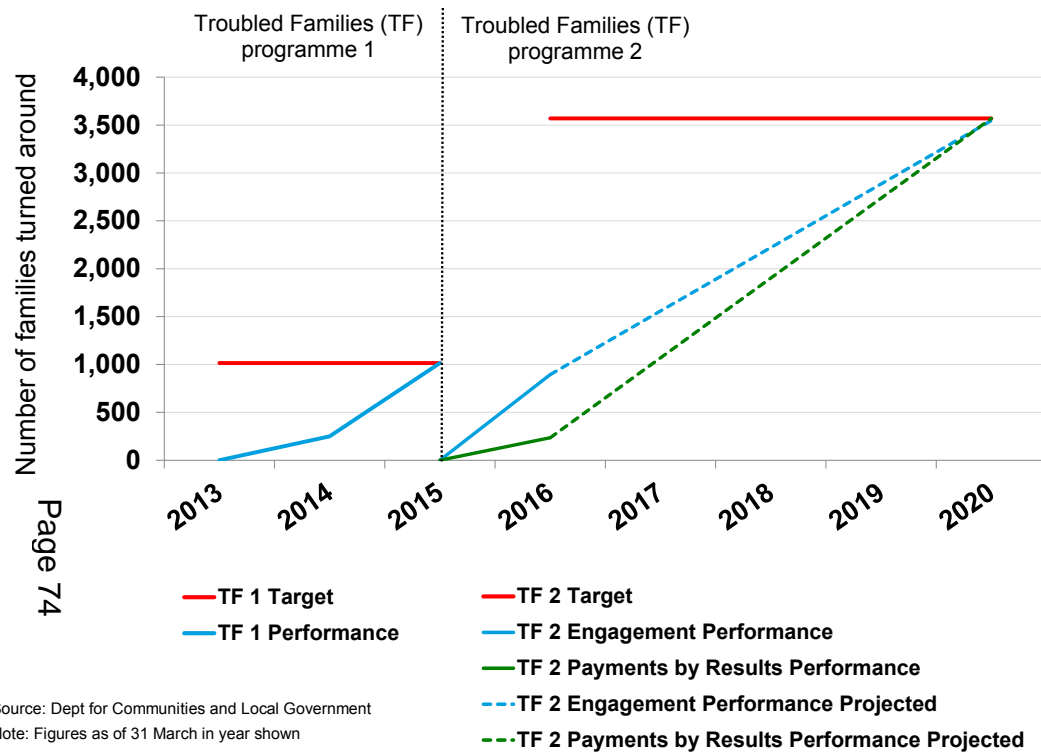
- Total number of places is fewer than primary as many 16 - 17 year old students don't attend school sixth forms
- Secondary numbers expected to peak around 2025/26
- Capacity in some local areas forecast to be exceeded before 2020
- Current capital programme ends 2017/18; after this more places will be needed

Projected change in youth population

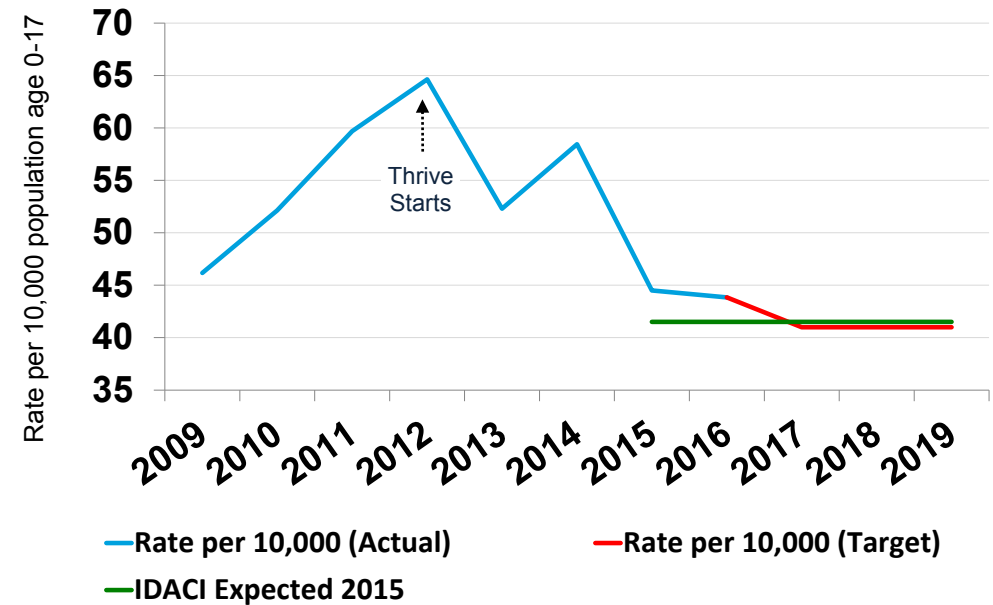
	2016	2017	2018	2019	2020	% change 2016-2020	2021	2022	2023	2024	2025	2026	% change 2021-2026
0-3	22,211	22,420	22,755	22,711	22,639	+1.9%	22,533	22,427	22,322	22,208	22,098	21,971	-2.5%
4-10	42,178	42,296	42,237	42,363	42,514	+0.8%	42,496	42,412	42,377	42,501	42,702	42,586	+0.2%
11-15	28,540	28,930	29,619	30,357	30,840	+8.1%	31,475	31,877	32,166	32,108	31,991	32,001	+1.7%
16-17	10,625	10,113	9,929	9,792	10,077	-5.2%	10,235	10,508	10,833	11,031	11,137	11,215	+9.6%

Source: ESCC dwelling-led population projections, January 2016

Troubled Families



Number of children with a Child Protection Plan

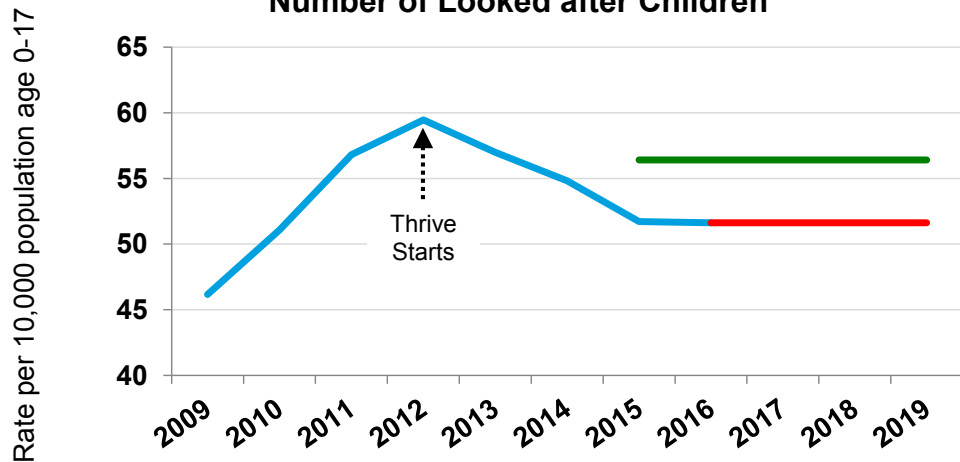


Troubled Families results

- The national Troubled Families programme (TF2) runs from 2015-2020
- Troubled Families work is a core element of Children's Services delivery
- Payment by Results outcomes are achieved when families reach and sustain progress thresholds in six key areas
- Successful family outcomes impact positively on all priority outcomes and reduce demand for other services
- In 2015/16, 895 families were engaged and 236 reached payment by results outcomes for which claims were made

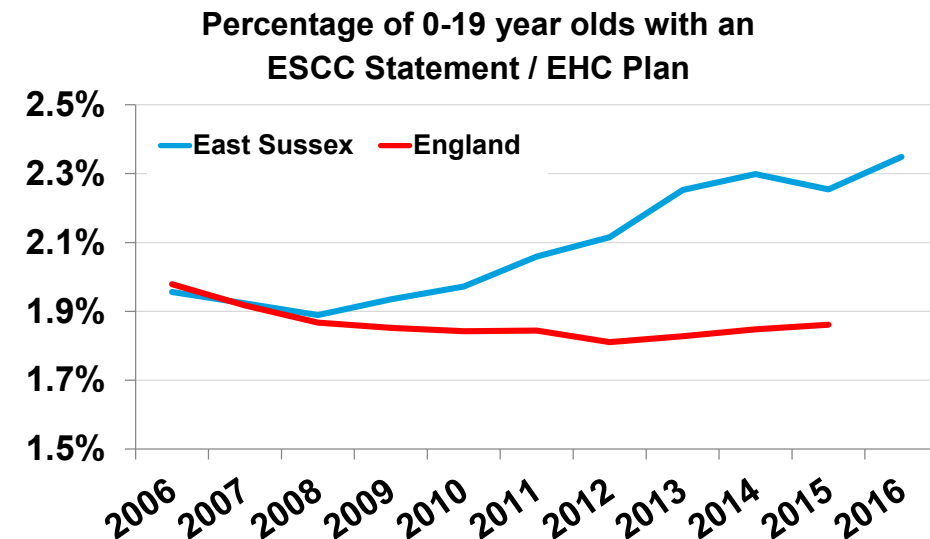
Child Protection (CP) Plans

- Before Thrive the number and rate of CP Plans were rising each year
- Projected rate was unsustainable
- The number of CP Plans for 2016 was 462, a rate of 43.8 per 10,000 children
- This is still above the expected rate benchmarked for child deprivation; the Income Deprivation Affecting Children Index (IDACI)
- Target is to reach and maintain IDACI expected rate of 41 per 10,000 children from 2017



— Rate per 10,000 (Actual) — Rate per 10,000 (Target)
— IDACI Expected 2015

Source: CIN Census/ SE Sector Led Improvement Social Care Benchmarking
Note: Figures as of 31 March in year shown



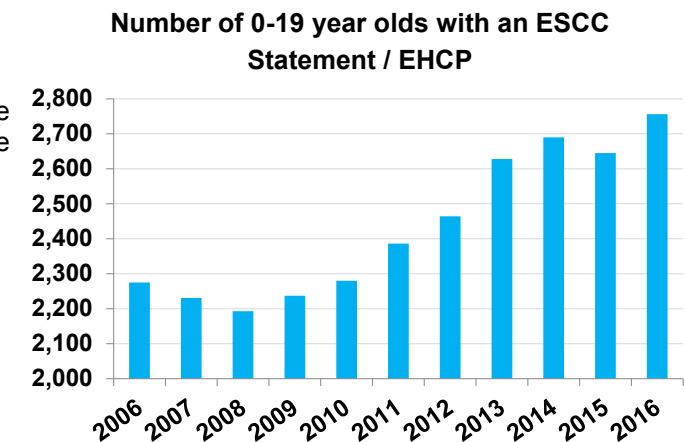
Source: CN Census/ SE Sector Led Improvement Social Care Benchmarking
Note: Figures as of January in year shown

Looked After Children (LAC)

- Before Thrive, LAC numbers were rising year on year and the budget was unsustainable
- By 31 March 2016 LAC numbers had been reduced to 544 (51.6 per 10,000 children), from 620 in 2012 (59 per 10,000 children)
- The average cost per LAC per week in East Sussex is £708, compared to the national average of £919 and a comparison group of 11 LA's average of £963
- Target for 2016/17 is to maintain the rate of 51.6 per 10,000

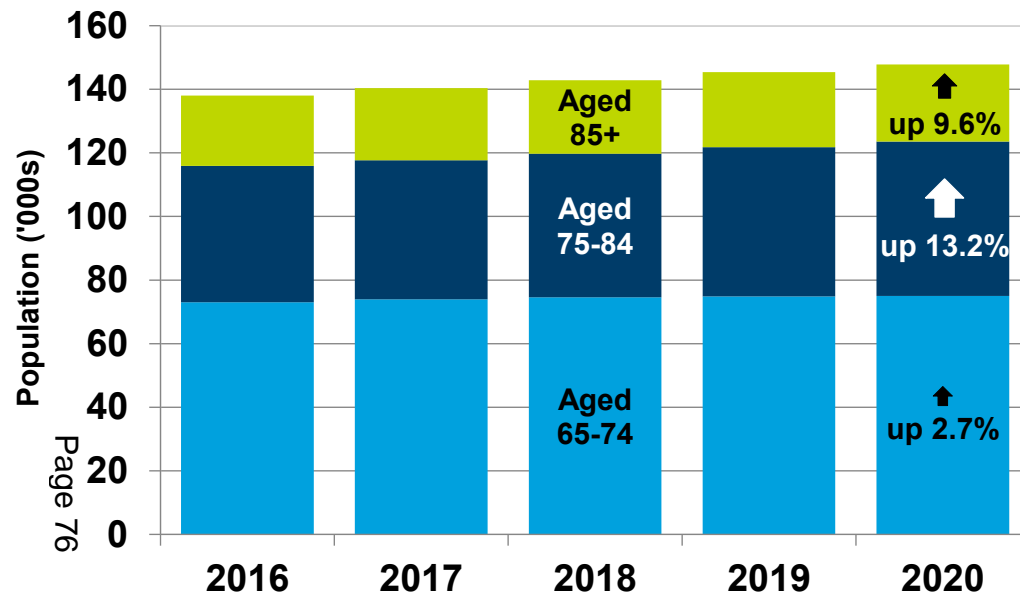
Special Educational Need (SEN) and Disability

- Since September 2014 Education, Health & Care Plans (EHCP) replace a statement of SEN for new assessments. EHCP can remain in place for young people up to the age of 25
- Council funded high cost placements at Independent and Non-Maintained Special Schools (INMSS) have increased since 2015 but remain between 7% and 8% of the total number of Statements/EHCP
- All statements of SEN/EHCP maintained by the Council increased by 26% from 2008 (2,193) to 2016 (2,756)
- Numbers are forecast to rise to 3,200 by 2020
- The majority of provision is funded by a local authority (primarily ESCC) or from within a schools own delegated budget
- ESCC Statement of SEN/EHCP as a percentage of population aged 0-19 (2.35% in 2016) continues to be above that for England (1.86% in 2015)
- Due to increased demand, there has been an increase in the number of alternative provision placements for primary age children; an application for a special free school has also been submitted
- Evaluation of parental satisfaction locally is positive for new EHCP



Source: CN Census/ SE Sector Led Improvement Social Care Benchmarking
Note: Figures as of January in year shown

Increase in older people, 2016-2020

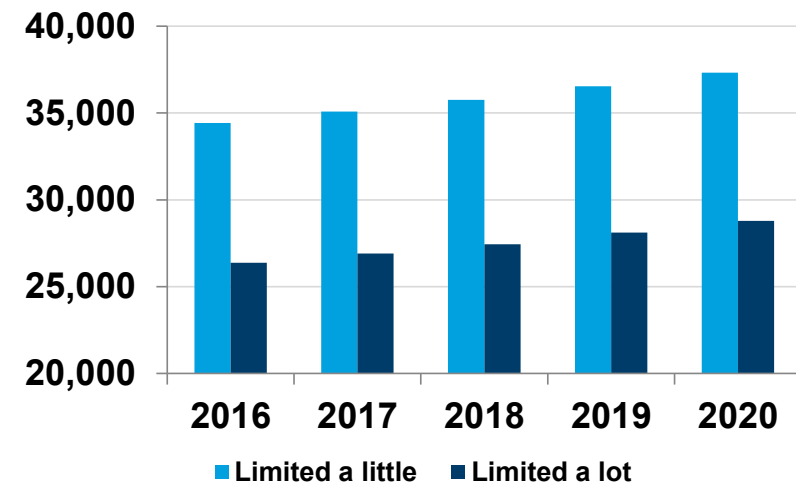


Source: ESCC dwelling-led population projections, January 2016

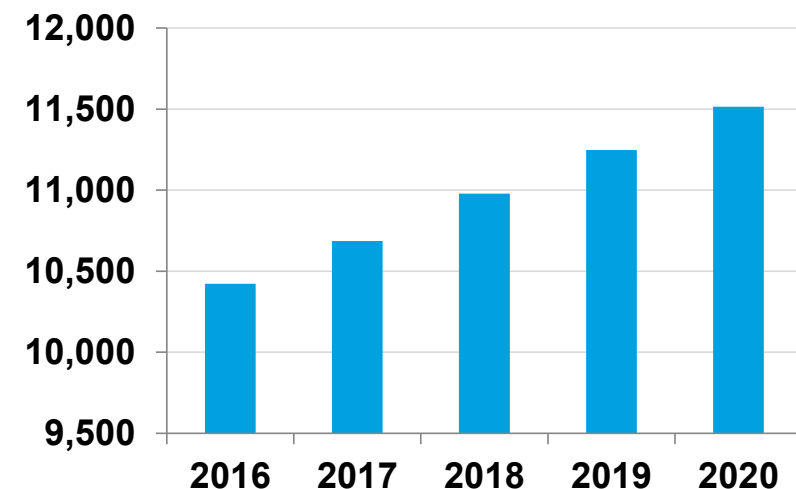
Compared to 2016, by 2020 there will be:

- A fall in the population of working age people (age 18-64) of 0.9%
- A countywide increase in older people (age 65+) of 9,767 (7.1%), from 138,063 to 147,830
 - Eastbourne: 1,305 more (up 5.2%), biggest increase in age 75-84 (9.1%)
 - Hastings: 1,345 more (up 7.6%), little rise in 65-74 (3.8%) and 85+ (3.6%), but 16.9% increase in 75-84
 - Lewes: 1,867 more (up 7.3%), biggest increase in age 85+ (13.7%)
 - Rother: 1,830 more (up 6.2%), little rise in 65-74 (2.2%), 12.8% rise in 75-84
 - Wealden: 3,419 more (up 8.5%), 16.2% rise in 75-84 and 15.9% rise in 85+
- 11,515 older people (age 65+) projected to have dementia (up 10.5%)
- 37,320 older people (age 65+) projected to have a limiting long term illness whose day to day activities are limited a little (up 8.4%), 28,785 limited a lot (up 9.1%)

Older people (age 65+) with a limiting long term illness projections

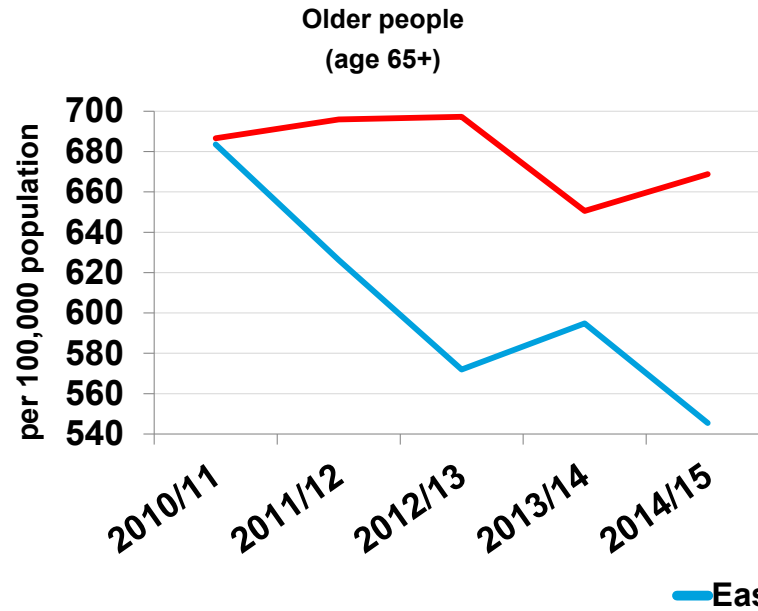


Older people (age 65+) with dementia projections

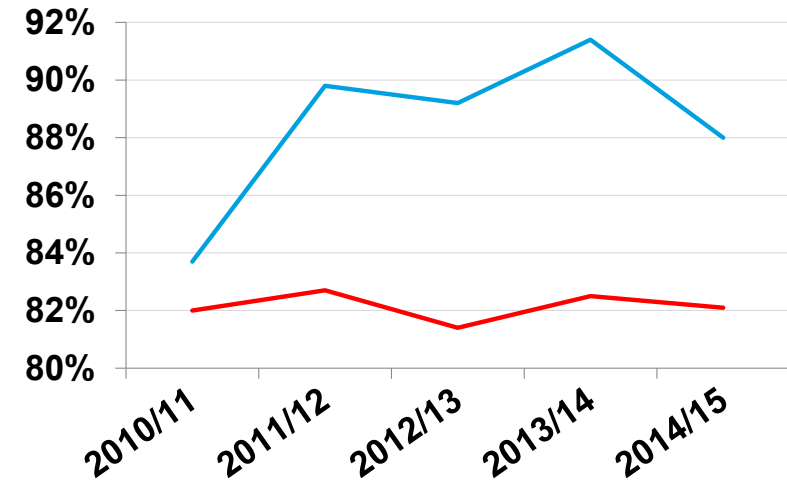


Source: POPPI: www.poppi.org.uk Note: 2019 figures estimated

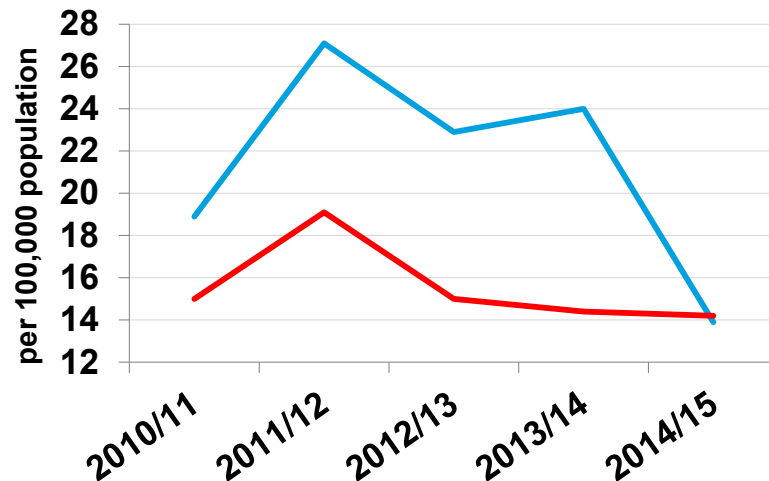
Permanent admissions to residential and nursing care homes



Older people (age 65+) still at home 91 days after discharge from hospital



Working age people (age 18-64)



Community care and promoting independence

- Work to reduce dependency on long term residential care has seen permanent admissions of working age people (age 18-64) to residential and nursing care homes reduce to levels in line with the national rate
- Permanent admissions of older people (age 65+) have also reduced in 2014/15 to significantly below the rate for England
- The proportion of older people (age 65+) still at home 91 days after discharge from hospital into reablement/rehabilitation services dropped slightly in 2014/15 to 88%, but is still above national figure 82%
- The number of older people (age 65+) admitted to hospital due to falls has decreased in 2014/15 to 2,108 per 100,000 (England 2,125)

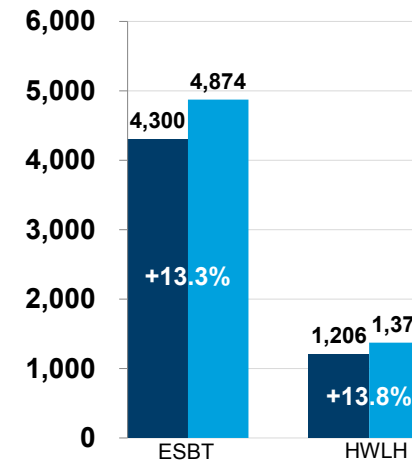
East Sussex Better Together (ESBT)

- East Sussex is covered by three Clinical Commissioning Groups (CCGs): High Weald, Lewes and Havens (HWLH); Hastings and Rother (H&R) and Eastbourne, Hailsham and Seaford (EHS)
- ESBT is a collaboration between the Council, EHS and H&R CCGs to develop a fully integrated health and social care system

Support services

- The total number of clients receiving Long Term support, including out of county clients, has increased by 2.4% in 2015/16, to 9,857
- The total number of requests for support, including out of county requests, in 2015/16 was 12,912, up 8.4%
- The number of Carers, including out of county Carers, receiving support also increased, up 13.5% from 2014/15

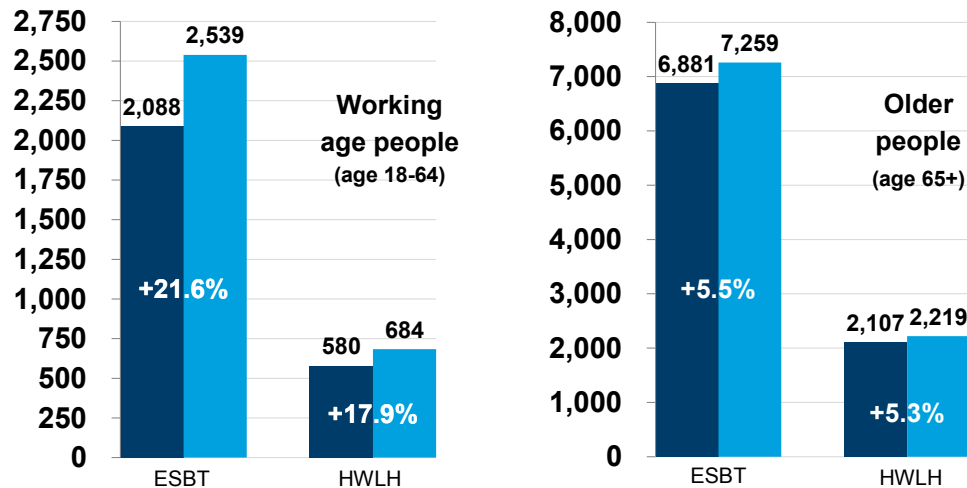
Carers receiving support



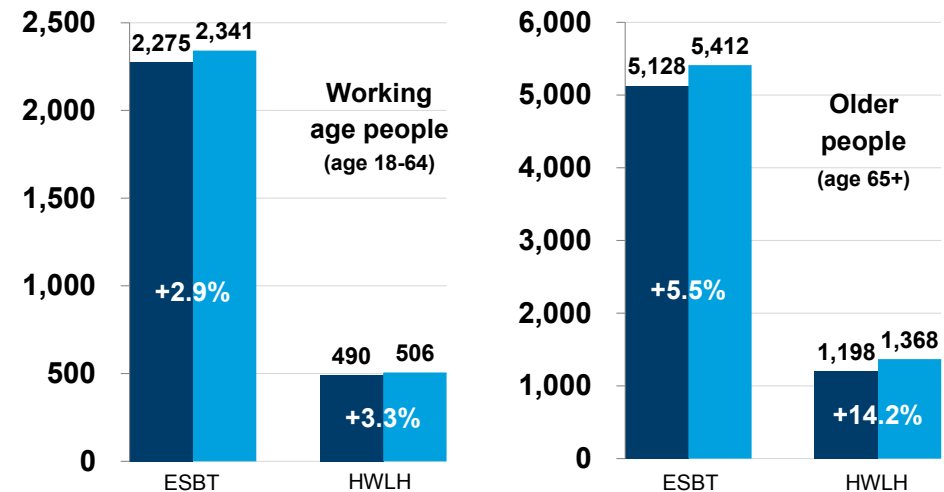
Carers receiving support including Information, Advice and Other Universal Services / Signposting

Requests for support

■ 2014/15 ■ 2015/16



Clients receiving Long Term support



Requests for Support are contacts from new clients or their representative, or someone acting on their behalf being made in relation to the provision of Adult Social Care services, excluding 'casual contacts' (A contact where personal details were not taken) and matters relating to adult safeguarding procedures

Long Term support encompasses any service or support which is provided with the intention of maintaining quality of life for an individual on an ongoing basis, and which has been allocated on the basis of eligibility criteria/policies (i.e. an assessment of need has taken place) and is subject to regular review

Note: All graphs exclude out of county or data where post code is not known/incomplete

Map of Health and Disability Deprivation

- Health and Disability Deprivation measures relative health deprivation for small areas (Lower Super Output Areas (LSOAs)) in England
- It includes measures on: years of potential life lost, comparative illness and disability ratio, acute morbidity, and mood and anxiety disorders
- Relative health deprivation for the whole of England is shown by ranking all 32,844 LSOAs into 10 groups. In East Sussex, 14 of the 329 LSOAs (4.3%) are in the group for the 10% most deprived in England and 48 (14.6%) are in the group for the 10% least deprived

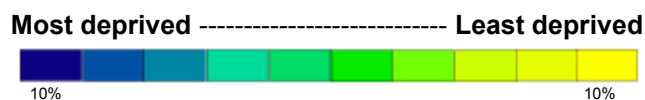
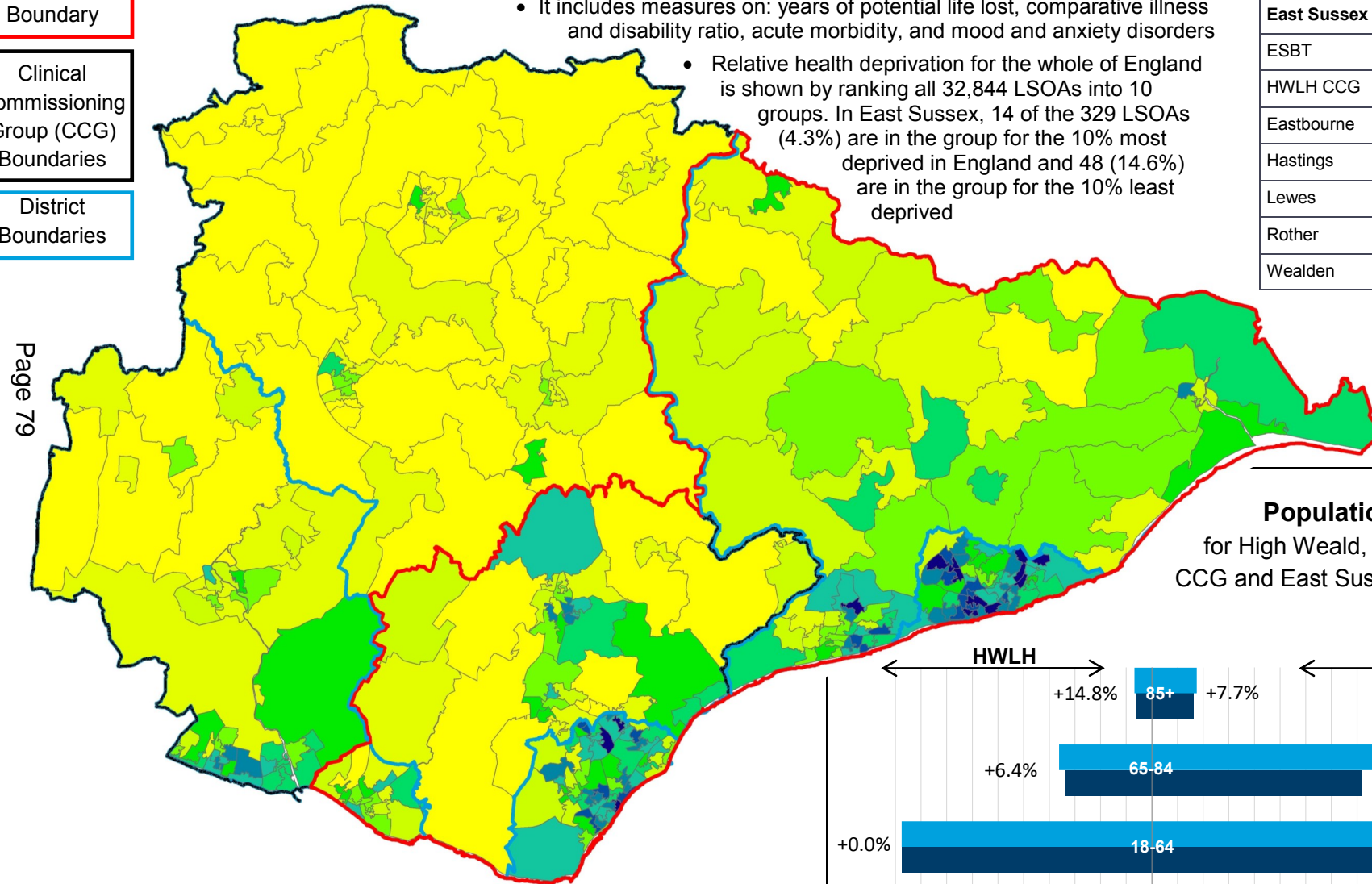
East Sussex
Better Together
(ESBT)
Boundary

Clinical
Commissioning
Group (CCG)
Boundaries

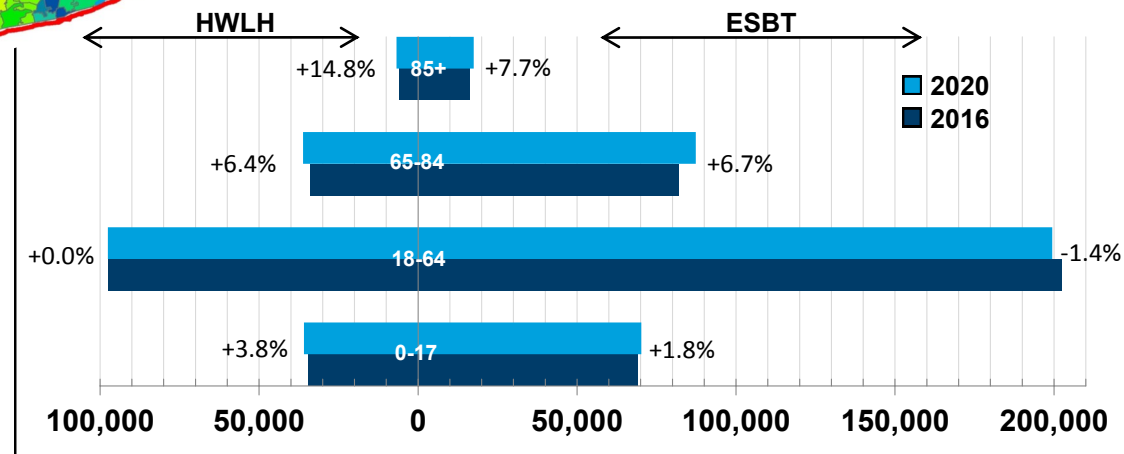
District
Boundaries

Page 79

Geography	Proportion of LSOAs in the most deprived 10% in England	Proportion of LSOAs in the least deprived 10% in England
East Sussex	4.3%	14.6%
ESBT	6.2%	4.8%
HWLH CCG	0.0%	35.6%
Eastbourne	4.9%	0.0%
Hastings	18.9%	0.0%
Lewes	0.0%	9.7%
Rother	1.7%	5.2%
Wealden	0.0%	41.1%



Population projections to 2020 for High Weald, Lewes and Havens (HWLH) CCG and East Sussex Better Together (ESBT)



We use a wide range of data to help us understand the context for our plans and the impact we are having through our work and in partnership. A selection of this data is listed below. Years are financial (April-March) or academic (September-August) unless otherwise stated.

Measure	13/14	14/15	14/15 Eng	15/16
Percentage of working age residents (16-64 year olds) with a level 4 (degree) qualification		CY 14 36.7%	CY 15 (36.7%)	CY 15 31.2%
Percentage of working age residents (16-64 year olds) with no qualifications or qualified only to NVQ1	CY 13 23.5%	CY 14 19.4%	CY 14 (20.6%)	CY 15 23.2%
Gross Value Added (GVA) per head GVA is a measure of economic productivity	£16,886	£17,321	(£25,367)	NA
Percentage of working age population (16-64 year olds) in employment	74.1%	73.1%	(72.7%)	CY 15 73.2%
Claimant rate including Job Seeker's Allowance (JSA) and Universal Credit: claimants as a percentage of working age	2.3%	1.6%	(2.0%)	1.4%
New business registration rate per 10,000 people over 16	59.8	57.0	(71.2)	NA
New houses built, total completed / total affordable	1,208 / 241	1,277 / 364	NC	NA
Percentage of children achieving a good level of development in all areas of learning in the Early Years Foundation Stage (EYFSP)	65.6%	74.3%	(66.3%)	NA
Percentage of pupils achieving level 4 at key stage 2 in reading test, writing TA (Teacher Assessment) and mathematics	78%	80%	(80%)	NA
Proportion of pupils in all maintained schools who achieve five or more A*-C grades at GCSE or equivalent including English and	53.2%	56.3%	(57.3%)	NA
Average point score per entry for A levels and other level 3 exams	206.5	207.9	(213.0)	NA
Percentage of A level entries that were for STEM (Science, Technology, Engineering and Mathematics) subjects	30.6%	27.8%	(32.5%)	NA
Percentage of exams awarded A/A* grades for A level STEM (Science, Technology, Engineering and Mathematics) subjects	24.4%	20.3%	(30.2%)	NA
Rate per 10,000 (aged 0-17 population) of Looked After Children	54.5	52	(60)	51.6
Rate per 10,000 (aged 0-17 population) of children with a Child Protection Plan	58.5	44.5	(42.9)	43.8

Measure	13/14	14/15	14/15 Eng	15/16
Children who ceased to be looked after percentage adopted during the year ending 31 March	27%	23%	(17%)	NA
Rate of hospital emergency admissions caused by unintentional and deliberate injuries in children and young people aged 0-14 years per 10,000 population	125.2	121.6	109.6	NA
Proportion of LAC who achieve five or more A*- C GCSEs including English and Maths	21.2%	12.5%	(12%)	NA
The proportion of people who use Adult Social Care services who feel safe	63%	72.2%	(68.5%)	70.0% (provisional)
Suicide rate per 100,000 of population	11.0	10.7	(8.9)	NA
The proportion of people who use Adult Social Care services who find it easy to find information about services	81.2%	73.2%	(74.5%)	76.2% (provisional)
Proportion of people who received short-term services during the year, where no further request was made for ongoing support or support of a lower level	NM	88.8%	(74.6%)	NA
Proportion of older people aged 65 and over offered reablement services following discharge from hospital	3.7%	1.5%	(3.1%)	NA
Percentage of children 4 - 5 years old with excess weight (overweight or obese)	21.8%	20.0%	(21.9%)	NA
Percentage of children 10-11 years old with excess weight (overweight or obese)	30.7%	29.6%	(33.2%)	NA
Long-term support needs of younger adults (aged 18-64) met by admission to residential and nursing care homes, per 100,000 population	NM	13.9	(14.2)	NA
Long-term support needs of older adults (aged 65 and over) met by admission to residential and nursing care homes, per 100,000 population	NM	545.5	(668.8)	NA
The proportion of people who use services who reported they had as much social contact as they would like	45.3%	47.8%	(44.8%)	42.6% (provisional)
Proportion of older people aged 65 and over who were still at home 91 days after discharge from hospital	91.4%	88.8%	(82.1%)	NA
Number of people Killed or Seriously Injured on the road	339	390	NC	CY 15 348

National and Local Outlook

1. Impact of demographic and housing growth projections

1.1 The population of East Sussex is projected to continue to grow. Compared with 2016, by 2020 there will be:

- 9,400 more people living in the county (+2%), with the largest growth in those aged 65+;
- 950 more people aged 85+ will live in Wealden (+16%) compared with just 90 (+3.6%) more in Hastings;
- Little change in child numbers, following the birth rate peak in 2010/11;
- A general decrease in the working age population (aged 18-64); and
- 250,700 households in the county (+3.3%) with the largest number of new households in Wealden (3,300).

1.2 There is predicted to be a countywide increase in the numbers of older people (those aged 65+) of 9,767 (+7.1%); across the county, the picture varies:

- Eastbourne: 1,305 more (+5.2%), biggest increase in those aged 75-84 (+9.1%);
- Hastings: 1,345 more (+7.6%), small rise in those aged 65-74 (+3.8%) and 85+ (+3.6%), but there will be a 16.9% increase in those aged 75-84;
- Lewes: 1,867 more (+7.3%), biggest increase in those aged 85+ (13.7%);
- Rother: 1,830 more (+6.2%), small rise in those aged 65-74 (+2.2%) but 12.8% rise in those aged 75-84; and
- Wealden: 3,419 more (+8.5%), 16.2% rise in those aged 75-84 and a 15.9% rise in those aged 85+.

2. Summary of national developments and issues impacting locally on people and Council finances

Future of Local Government funding and the Government's four year funding offer

2.1 The Government has announced plans to change the ways that Local Authorities are funded with 100% of business rate generated in an area being used to fund the Local Authorities. The Government has indicated this will be implemented in full from 2020. It is not clear, however, if some aspects will come into force earlier.

2.2 Historically, the formula for funding Local Government included an element to recognise the relative needs of authorities across the country. In 2013, the funding formula was amended to give Authorities the power to keep half of their business rates income.

2.3 In early 2016, the Rt Hon Greg Clark MP, Secretary of State for Communities and Local Government, announced a four year funding offer to Local Government to enable planning over the period leading up to the implementation of full local retention of business rates in 2020. Local Authorities have until 14 October 2016 to confirm if they wish to accept the multi-year funding offer. Members will be updated in September.

2.4 It is unclear, at this stage, how the full implementation of business rates retention will impact on the four year offer.

2.5 The plan for Local Authorities to be funded through 100% retention of the business rates generated in their area poses a number of challenges for Local Government and specifically, East Sussex:

- The current formula includes an element based on need – the new plans do not include a link to a needs differential (ie demographics, additional cost of rurality, etc).
- Business rates retention is volatile – it can be affected by downturns in the economy or the movement/failure of a large business.

- The impact of appeals against business rates without a “safety net” for Local Government could have a significant impact on future levels of funding where they are high value or high volume.
- An objective of the reforms is to provide an incentive for Local Authorities to promote growth by allowing retention of the additional business rates raised from new developments. As the most significant growth will likely take place in major cities, it could lead to an imbalance in Local Authority funding, for areas like East Sussex, without some sort of equalisation system.
- East Sussex is, unlike many of its neighbouring areas in the South East, a net importer of business rates (ie. East Sussex currently receives more from Government than is raised within the county).

Year	£ raised in East Sussex area	£ received from Government	£ imported
2015/16	£127m	£180m	£53m
2016/17	£130m	£150m	£20m

As Government believes that 100% retention of business rates will provide Local Government (as a sector) with more funding, it is proposing, in order for this to be cost neutral, to add new responsibilities to Local Government. The detail of these changes is unknown at this stage, but they are expected to be a specific challenge to those Local Authorities that will potentially have access to less money in the new arrangements and within the context of increasing demand for services.

2.6 It is anticipated that a form of redistribution of business rates is needed within the new arrangements but the detail is unclear at this stage. The Local Government Association (LGA) and the Department for Communities and Local Government launched a steering group to oversee the reforms to move to full business rate retention. While there are plans for a consultation during the summer 2016, it is anticipated that there will be some uncertainty for a number of years. The Leaders of the East Sussex Borough, County and District Councils and the Leaders of the South East Seven Councils have agreed to work together to engage with Government and the LGA to ensure the views of the county/counties (and similar areas) are considered.

Devolution

2.7 Councils, public sector organisations and Local Enterprise Partnerships across East Sussex, Surrey and West Sussex are working in partnership, as the Three Southern Counties (3SC), to negotiate a devolution deal with Government that serves the needs of the residents, businesses and communities of the area.

2.8 The unique 3SC offer to Government is centred on the economy and infrastructure based on the following focus areas:

- Fiscal – exploring opportunities for the 3SC to have access to funding to deliver the partnership's priority outcomes with certainty and pace;
- Housing and Planning – working to ensure the relationships exist, the land is made available and freedoms and flexibilities are in place to deliver 34,000 new homes, 58,000 new jobs and additional opportunities on surplus brownfield land;
- Infrastructure – ensuring the infrastructure (physical and digital) meets current and future needs of the 3SC area, to enable the housing and employment growth; and
- Skills – meeting the skills gap across the 3SC to allow businesses to grow.

2.9 The 3SC area has a different economic profile from those which have already signed deals with Government, in that the area is a net contributor to the economy of the country. A devolution deal which offers the area greater benefit from the income generated within it will

help to maintain the growth the UK economy needs and enable the area to have the infrastructure necessary to support that growth and maintain the quality of life of local people.

2.10 A number of the 3SC partners are also collaborating on a programme of public sector transformation (redesigning public services to ensure they are fit for purpose and as effective as possible) and to explore opportunities for double devolution (Local Government tiers working together to ensure services are provided in the most efficient way). The East Sussex Borough, County and District Councils are discussing what double devolution could mean for the county. These discussions are taking place in parallel to the substantive devolution discussions.

2.11 To secure the freedoms and flexibilities sought by the 3SC, the partnership will undertake a review of governance and implement arrangements for the appropriate level of democratic accountability. The partners recognise that pursuit of continued economic growth means working together in a more formal way and this requires a system of collective, binding, decision making at a strategic level. Government considers a Combined Authority with a Mayor as the "gold standard" for governance of devolution arrangements. The 3SC has committed to undertaking a governance review with a view to determining the appropriate level of governance arrangement for the devolution deal that is ultimately agreed with Government.

2.12 Adur and Worthing Councils, Brighton & Hove City Council, Lewes District Council and Mid Sussex District Council are also pursuing a devolution deal with Government as the Greater Brighton Economic Board (GBEB). All partners are apprised of both sets of devolution proposals and, where practical and beneficial, collaboration is taking place.

2.13 The Cities and Local Government Devolution Act makes provision for the establishment and constitution of Sub-National Transport Bodies (SNTB) for any area in England (outside of Greater London) to oversee the delivery of strategic infrastructure and transport needs in their area. Discussions with officials at the Department for Transport indicate that creation of an SNTB is required if the 3SC area is to have the influence sought over infrastructure investment and that such an SNTB would need to cover a geography larger than that covered by the 3SC (to provide a commensurate scale to other SNTBs). The DfT has asked the 3SC partnership to assist in the development of the proposals for an STB for the South East, namely, Transport for the South East (TfSE).

2.14 The 3SC and prospective partners are collaborating to explore the opportunities to develop TfSE, including, the geographic footprint, the potential remit and the membership and governance arrangements.

Referendum on the UK's Membership of the European Union

2.15 The referendum on the UK's membership of the European Union (EU) takes places on 23 June 2016.

2.16 While the broad implications of remaining in the EU are understood as a continuation of the status quo, access to independent information about the effect of leaving the EU is limited. The number of questions that will need to be considered/addressed in the event of a vote to leave the EU are considerable, including: the UK's continued participation in the European Economic Area (enabling the UK to trade in the European Single Market without being a member of the EU), the UK's appetite and pace to remove EU obligations from national legislation (where international legislation permits such a change) and the specific impacts for the UK in a number of key areas (immigration, employment, environment, energy and climate change, agriculture, fisheries, etc). The ability for UK Local Authorities and

organisations to access European and international funding and programmes will need to be understood fully.

2.17 The full impact of the outcome of the referendum is not clear at this stage.

Refugees and Asylum Seekers

2.18 In September 2015, the Government committed to resettling up to 20,000 Syrian refugees in the UK during this Parliament (by 2020). Those resettled under the Syrian Vulnerable Persons Relocation Scheme will receive “Humanitarian Protection” leave to stay for five years. Those resettled will have recourse to public funds, will be able to work and access services in the UK.

2.19 Government will meet the support, health and education costs of those resettled for the first year from arrival. Additional costs, including Local Authority costs to cover administration of the scheme will also be covered. Funding for costs incurred in years two to five after resettlement borne by a Local Authority will be at a lower level and will be calculated on a per capita basis. Existing funding mechanisms will be used to provide funding for schools and health services required by placements.

2.20 Government funding will cover a range of measures to assist the support and orientation of this refugee group. The requirements placed upon Local Authorities in return for the funding include:

- Assisting with registration for and collection of Biometric Residence Permits following arrival;
- Registering with local schools, English language and literacy classes;
- Attending local Jobcentre Plus appointments for benefit assessments;
- Registering with a local GP;
- Advising on and referring to appropriate mental health services and to specialist services for victims of torture, as appropriate; and
- Providing assistance with access to employment.

2.21 If East Sussex were to accept the number of refugees in line with its population as a percentage of the UK, that would amount to 200 over the course of the current Parliament. The number of individuals that could be resettled in each borough/district Local Authority area would therefore be 40 individuals over the five year period. In addition, Hastings Borough Council has further committed to resettle an additional 60 individuals, if possible, bringing the total to between 200 and 260 individual Syrian refugees across the county.

2.22 On 4 May 2016, the Government announced that it will be resettling unaccompanied children from other European countries into the UK, with the number of children supported under this scheme to be agreed in partnership with Local Authorities. The Minister announced on 21 April that an additional 3,000 “children at risk” and their families would be resettled in the UK from the Middle East and North Africa over the lifetime of this Parliament, with the same funding levels as the current Syrian scheme. It is expected that only a small number of this cohort will be unaccompanied children. These arrangements will need to be designed in the best interests of children and young people, and local services must have the capacity to meet their needs. The LGA is working with Government and other partners to provide more detail of funding, process and timescales as a matter of urgency. The Home Office will write to all Councils with further information including long-term funding arrangements.

2.23 No firm offer has been made to Government to date to accept any refugees under the scheme and the Authorities in East Sussex are working together to learn from areas

which piloted the scheme in the first phase and to ensure that the needs of any people resettled can be met, including the availability of suitable housing and education provision.

2.24 The arrangements for asylum seekers are different than those under the Government's Syrian Refugee Scheme. Unlike Syrian refugees who have been granted leave to remain, asylum seekers (from a range of countries) are a group accommodated directly by the Home Office while their applications are assessed. In such cases, the Home Office commissions accommodation and support directly through a specialist provider and Local Authorities are not asked to contribute in any way. Asylum seekers are not, in the main, allowed to work and do not have any recourse to other public funds (benefits etc.). There are, at present, three dispersal areas in the South East, including Hastings. Within Hastings, about 100 people are accommodated at any one time and tend to be single males rather than families. The Home Office is wishing to open up further areas in the South East for asylum placements.

Workforce Planning

National Living Wage

2.25 The National Living Wage (NLW) was introduced on April 1 2016 and requires employers to pay all employees over the age of 25 £7.20 per hour, rising to at least £9 per hour by 2020. The NLW is based on achieving 60% of median UK earnings by 2020, and therefore, the actual rate will change when set each year. The National Minimum Wage continues to apply to employees under the age of 25.

2.26 East Sussex County Council (ESCC) implemented the local East Sussex Single Status pay and grading arrangements in April 2003, which established a local pay spine and salary points. In order to meet the new statutory NLW in April 2016, 174.4 full time equivalent staff required an uplift in pay. A 1.69% increase was, therefore, implemented costing £600,000. In addition, agreement has now been reached on the National Joint Council (NJC) Pay Award for 2016-18 and provides for a 1% increase in both 2016/17 and 2017/18 for employees on NJC spinal column point 18 and above (equivalent to Single Status spinal column point 11 and above in 16/17 and Single Status spinal column point 12 and above in 17/18). To take account of the necessary adjustments to meet the requirements of the NLW, staff on NJC points 6 to 17 will receive more than this, with equivalent Single Status grades receiving increases over two years of 9.7% (for the lowest spinal column points) through to 2% (for higher points). The increase in the bottom pay point will give an hourly rate of £7.52 this year and £7.78 in April 2017.

2.27 In future years, as the NLW increases, further pay scales will be impacted. Assuming a 1% uplift is applied each year, in line with the Governments' pay policy for the public sector, Single Status Grades 2 to 4 (which cover spinal column points 2 to 10) would all be below the NLW by 2020, impacting approximately 4,660 staff.

2.28 Set against this background, ESCC will consider the national direction of travel and the best options for implementing the NLW in the long-term while maintaining pay structure differentials. This could potentially include carrying out a review of the current pay and grading system.

Apprenticeship Levy

2.29 As of 6 April 2017, employers with an annual wage bill over £3m will be required to pay an apprenticeship levy. The levy will be 0.5% of an organisation's annual bill, minus a £15,000 allowance organisations will receive from the Government to offset the levy. The levy will be collected by Government and, in return, employers will receive electronic vouchers that can be exchanged with local providers for training of apprentices. Vouchers can be used for apprenticeship training only; they cannot be used for wages or expenses.

Government has plans to establish an Institute for Apprenticeships to advise on apprenticeship standards.

2.30 The Government has also consulted on the introduction of a 2.3% of workforce target for public sector bodies with a headcount of more than 250 to ensure that they recruit enough apprentices to meet the Government's election pledge to introduce 3m apprenticeships by 2020. The consultation suggested that Local Authority controlled schools will be included within the headcount and, therefore, the target.

2.31 Public sector bodies will have a duty to publish information annually on their progress towards meeting their target. The introduction of the target is reliant on the passing of the Enterprise Bill which is currently in the "ping pong" stage of the House of Lords.

2.32 At present, ESCC has on average 26 full time equivalent (FTE) non-schools apprentices in post and 31 FTE schools apprentices. If the 2.3% Government target were to be applied to ESCC, the number of apprentices employed would increase from 57 to approximately 295.

2.33 Based on 2015/16 payroll figures, it is forecast that ESCC would face in 2016/17 an apprenticeship levy cost of approximately £1,222,150. Of the total pay bill, around 55% relates to schools based staff and it is assumed that the schools share of the levy will be passported to each school. In addition, ESCC will also face indirect financial costs in the form of staff resource necessary to: manage recruitment and retention of apprentices, retain and support apprentices in post and manage the digital voucher system.

2.34 The LGA is lobbying Government to oppose the introduction of a top down target based approach to apprenticeships fixed on existing employment numbers. Work is currently underway to identify the most cost effective, beneficial and practical approach to implementing the levy, should ESCC be required to do so.

Children's Services

Academisation

2.35 The March 2016 White Paper "Educational Excellence Everywhere", set out that every school will be expected to become, or be in the process of becoming, an academy by 2020, with all converted by 2022. The Paper outlines a number of mechanisms for academy conversion, including: using Regional Schools Commissioners' (RSC) powers to forcibly convert schools judged to be "inadequate" by Ofsted and new powers for the Secretary of State for Education to ensure underperforming schools are converted to academies "to a faster timescale"; and a new duty on Councils to facilitate the process of all maintained schools becoming academies. If schools have not started the process of becoming academies by 2020, they will be directed to do so by the Secretary of State. Currently in East Sussex, of 192 schools, 46 are academies (24%): 23 primary schools, 13 secondary schools, 8 special schools, 1 all through school and 1 Pupil Referral Unit.

2.36 Schools will continue to receive financial support to become academies but there are no current proposals for Government to reimburse Councils for the cost of conversion. The estimated cost to the Council of schools in East Sussex that are not currently academies becoming so is £2.3m. It is intended that when a school becomes an academy and the Council owns the land, the land will be transferred to the Secretary of State who will then grant a lease to the academy trust. If the land is owned by the school, a Diocese or a charitable trust, it will not be transferred.

2.37 Once schools have transferred to academies, authorities will lose responsibility for employment of staff, ownership and asset management of school buildings, and

responsibilities relating to the governance, organisation and curriculum. Local Authorities will continue to have three main responsibilities:

- ensuring every child has a school place;
- ensuring the needs of vulnerable pupils are met; and
- acting as champions for all parents and families.

2.38 Concerns have been raised about whether Authorities will have adequate powers to properly discharge their remaining education duties. In response, since the publication of the White Paper, the Secretary of State has suggested that concessions will be put in place to enable Councils to carry out their education duties, including granting Authorities the power to direct academies to provide places for young people with Special Educational Needs and Disabilities (SEND).

2.39 Other concerns have been raised about the accountability of academies to parents and the local community as they are out of the control of democratically elected Local Authorities. The Paper outlines that multi-academy trusts (MATs) will no longer be required to reserve places for elected parents on governing boards, although a new duty will be placed on academies to ensure they listen to the views and needs of parents. Improvements will also be made to the MATs' complaints system, Government will consider how parents may raise concerns with RSCs, and a new online Parent Portal will be established in 2017 to provide key information on schools. Since publication of the White Paper, the Secretary of State has also suggested that a concession could be introduced, granting high performing Authorities the power to establish MATs.

2.40 On May 6 2016, the Secretary of State announced that Local Authority controlled schools that are "good" or "outstanding" will not be required to convert to academies. However, academy conversion will continue where it is clear that the Local Authority can no longer viably support its remaining schools because too many schools have converted to academies, or where the Local Authority consistently fails to meet a minimum performance threshold across its schools. The precise implications of these changes to the proposals are not yet clear and are unlikely to be so until the draft legislation is published later in the year.

Fair Funding Formula

2.41 The White Paper also outlines a new centralised fair funding formula for schools, on which the Department for Education (DfE) carried out a consultation. Local Authorities currently receive a Dedicated Schools Grant (DSG) from the DfE to fund education provision within their area, and Authorities use a local funding formula to determine the level of funding each school receives.

2.42 The consultation, launched in March, outlines how the Government will replace the current system with one new National Funding Formula (NFF) which will determine the level of grant schools receive directly from DfE. The formula is intended to rectify disparities in the level of funding schools receive across the country. The formula will be constructed on the following factors:

- a basic pupil formula weighted by age;
- funding for additional pupil needs (whether pupils come from deprived backgrounds, have low prior attainment, or English as an additional language);
- a lump sum payment with extra funding for small schools in sparsely populated areas; and
- adjusted funding based on the school's location.

2.43 The transition to NFF will take place over a two year period. From 2017/18, the DfE will implement the NFF to determine the funding Local Authorities receive, which Authorities will distribute to schools according to their local formula. Schools will receive funding directly

from the DfE from 2019/20. A second phase of consultation is planned for later this year and will cover how Government proposes to balance the different factors in the NFF and the impact on funding for individual areas and schools. It is therefore currently not possible to precisely quantify the impact of the formula locally. Provision has, however, been made in the Medium Term Financial Plan (MTFP) at this stage, for an additional DSG pressure of a minimum of £3m (although this could be as much as £7m) based on initial analysis of the Local Authority element of this funding, noting it is unclear how much Government will allocate.

2.44 In addition to DSG, Authorities also receive Education Services Grant (ESG) which funds services for schools. The consultation proposes that ESG is abolished. DSG is currently divided into three blocks: a schools block, high needs block and early years block. It is proposed that a fourth central schools block will be created to replace ESG. At present, ESG is split into two elements: "general funding" (£77 per pupil in 2016/17) to fund duties that Local Authorities are responsible for delivering (ie. school improvements, HR and financial advice) and "retained funding" (£15 per pupil in 2016/17) to fund duties Local Authorities provide for all pupils (ie. education welfare and Capital Programme). It is proposed that the "general funding" element of ESG is removed. It is therefore considered prudent to assume in the MTFP that the existing grant of £4.4m will be reduced to zero from 2017/18.

2.45 To help with the transition from the current arrangements to the NFF, the DfE has confirmed the minimum funding guarantee (which ensures individual schools' budgets do not fall below a given percentage from one year to the next) will remain in place for 2017/18 and 2018/19, although the percentage levels at which this will be set have not been confirmed. The DfE will also launch an "invest to save" fund in 2016/17 to help schools manage the transition.

2.46 The NFF consultation also outlines that the DfE expects Local Authorities to step back from running school improvement from the end of the 2016/17 academic year, and that Authorities may need to consider providing school improvement as a traded service.

High Needs Funding Reform

2.47 Alongside the proposed introduction of a schools NFF, the Government has also consulted on a proposed High Needs National Funding Formula (HN NFF) for children and young people with SEND. Under the Children and Families Act 2014, Local Authorities have a duty to assess the needs of young people with SEND in their area and secure effective provision for those with high needs. The proposal for a HN NFF is based on research published by the Government in July 2015 which demonstrated that children and young people with a similar description of needs and circumstances might be assessed and attract very different levels of funding in different areas of the country.

2.48 At present, Authorities receive funding for SEND education provision through the "high needs block" as part of the DSG. Authorities decide how to use the funding locally. Alternative provision (education provision for those who have been permanently or temporarily excluded, or those with medical or health needs) is also funded through the DSG high needs block. Due to the important decisions Local Authorities make in relation to commissioning for SEND needs locally, Government will continue to allocate high needs funding to Local Authorities, rather than to schools, but will do so through a new HN NFF.

2.49 It is proposed that the new formula will be based on a number of measures, grouped into four factors:

- Population factor – number of children and young people in the 2 to 18 age range;
- Health and disability factors – disability living allowance recipients and children not in good health;

- Low attainment factors – pupils not achieving Level 2 in reading at the end of Key Stage 2 and pupils not achieving 5 A*-G GCSEs at Key Stage 4; and
- Deprivation factors – pupils eligible for free school meals and the Income Deprivation Affecting Children Index.

2.50 All of the measures outlined above are based on children and young people with high needs resident in a Local Authority area. However, because some high needs funding is used by Local Authorities to fund schools in their area (irrespective of where the pupils come from), an additional formula factor is also included, which provides each Authority with a basic pupil/student entitlement amount for each child or young person in a school within their area that is funded from the high needs funding block. It is also proposed that an area cost adjustment is made to reflect higher costs (ie. for labour) in some parts of the country.

2.51 Under the new formula, allocation of alternative provision funding will solely be based on an area's overall pupil population and deprivation measures.

2.52 As with the schools' NFF, there is a risk from the proposals to ESCC's HN DSG funding, but this is not quantifiable at this point. The consultation proposes that changes to HN funding are made gradually and that for the first five years the HN NFF will also factor in an Authorities' current spending on SEND, based on 2016/17 planned spending levels, to give Authorities time to plan for changes to their funding.

Children and Social Work Bill

2.53 The Children and Social Work Bill, announced in the Queen's Speech in May, will:

- include measures to boost adoption rates by requiring courts and Social Workers to take account of a child's need for stability up to the age of 18;
- establish a new specialist regulator for social work to enable a clear focus on standards and effective training and development;
- outline standards for how Local Authorities should act as a "corporate parent" to support children in care;
- include a duty on Local Authorities and schools to promote educational achievement for adopted children and those in long-term care; and
- allow Authorities to pilot new and innovative approaches to children's social care.

2.54 The Bill will also introduce a Care Leavers' Covenant placing a duty on Local Authorities to consult on and publish an outline of the services and standards of treatment young people are entitled to expect locally when they leave care. This will include the right to a Personal Adviser up to the age of 25 who will help them move into adulthood.

2.55 The LGA has welcomed the Bill and its potential to support the work of Local Authorities and make a difference to the lives of vulnerable children and young people. The LGA has, however, cautioned that adoption is not right for every child and that it is important to remember that many children and young people have a positive experience of the care system. They also emphasise that sufficient funding must be provided for new duties placed on Authorities.

New Homes Bonus

2.56 The Government has consulted on potential changes to the distribution of the New Homes Bonus (NHB). Following the Spending Review, there will be a reduction of £800m in the national NHB pot and there will be reductions in NHB payments from 2017/18 onwards. The result of the consultation is awaited.

Policing and Crime Bill

2.57 The Policing and Crime Bill currently before Parliament will require emergency services to collaborate and makes provision for Police and Crime Commissioners (PCCs) to manage fire and rescue services in their areas. The PCC for Sussex has written to the Chair of the East Sussex Fire Authority to ask for co-operation in exploring whether or not there is a sound business case for transferring the service under the responsibility of the PCC.

3. Local developments and issues impacting on residents and Council finances

Customer Experience Project

3.1 In 2015, a Customer Project Board was set up to undertake a review of ESCC's relationship with its customers, with a focus on identifying strengths and weaknesses in relation to customer experience, understanding what other Local Authorities and the private sector are delivering in terms of customer experience, and making recommendations for ways in which improvements can be made to the quality and consistency of customer experience across the Council. The review has taken into account the current financial climate and recognises the need to make the best use of resources, but has also sought to ensure that opportunities are identified to benefit both customers and the Council.

3.2 In order to ensure that the project has, at its heart, a One Council approach to customers, the Board consists of senior officers from each department. This approach has enabled the Board to take an overview of customer experience from a wide range of service perspectives, and to ensure that future work supports the Council's priority outcomes and complements other corporate programmes, such as digital principles, East Sussex Better Together and Orbis/Orbis Public Law. The review also recognises that not all services are delivered directly and, irrespective of the service provider, customers rightly expect the same quality of service from ESCC. The Board will make recommendations for both short and medium-term actions that the Council can take to deliver improvements in the quality and consistency of customer experience across the organisation. The recommendations will include how the customer experience can be measured in future and how to ensure good governance of this essential element of the Council's work.

Digital Projects

3.3 Four digital exemplar projects are being undertaken in 2016 as part of ESCC's digital transformation. Each of the projects applies digital thinking and innovation to business activity to improve both efficiency and the experience of residents or customers. The projects are designed to increase the Council's knowledge and capability in applying large-scale data to improving business intelligence and in designing services around the needs of users. The learning from each project will be carefully analysed and disseminated across the Council to increase its ability to derive the maximum benefit, including efficiency, from the opportunity that digital brings to the public sector and its partners. The projects are:

- Rebuilding the school appeals process;
- Predicting demand for high-cost care;
- Extending digital customer management to schools' finance; and
- Visualising spending on transport.

Orbis

3.4 Throughout 2015/16, ESCC has been expanding and embedding its partnership working with Surrey County Council (SCC) in relation to all business services through developing the Orbis partnership. On 15 April 2015, the partnership officially launched Orbis, which included the brand and the vision for Orbis and the new Orbis Leadership Team (managing business services functions at ESCC and SCC). The first meeting of the Orbis Joint Committee took place on 29 June 2015, at which the terms of reference were agreed.

Work has been taking place with Brighton & Hove City Council (BHCC) to integrate it into Orbis as a "founding partner" as the ongoing due diligence process continues.

3.5 The Orbis Business Plan sets out the vision to be the "compelling alternative, a trusted partnership delivering value to customers and residents through our expertise, innovation and passion". The Plan outlines how Orbis will deliver seamless and resilient business services, whilst providing savings to the Authorities. The Plan sets out savings of £8.3m (12.8%) per annum by 2018/19 for the partnership, with the ESCC revenue budget share being £2.4m (sharing benefits and investments in a 70:30 ratio [to SCC and ESCC respectively] will ensure both organisations can be satisfied that value for money is assured). The bringing together of services will create sufficient scale to drive shared efficiencies, enable skills and knowledge to be shared, and technology investment that could otherwise be prohibitively expensive for each organisation alone. This will enable the front line services to focus on providing services to residents, whilst also achieving efficiencies.

3.6 Orbis is expected to grow by bringing in public sector partners and from income opportunities through the provision of services to public sector clients. It intends to become a major influencer in the public sector in relation to the provision of business services and will pursue wider collaboration with other partnerships and Local Authorities.

3.7 Areas of progress include the signing of the Inter Authority Agreement (which provides the legal basis for the partnership and will form the contract between ESCC and SCC), the appointment of key senior officers, and the development of the Orbis People Strategy.

3.8 The focus over the three years 2016/17 to 2018/19 will be to continue to integrate individual services and cross-cutting functions, as well as the enabling IT and systems to support the partnership, in line with the phased approach set out in the transition plan. This brings both financial and non-financial benefits.

3.9 Orbis will continue to be flexible to support and drive ESCC organisational change, such as 3SC devolution, East Sussex Better Together and responding to the Education White Paper. The partnership will work to future proof its operating model, and, where necessary, will adapt in response to changes that impact the ability to trade and operate.

Orbis Public Law

3.10 Orbis Public Law (OPL) is the ambitious partnership between the legal departments of B&HCC and the County Councils of East Sussex, Surrey and West Sussex with a vision to be a single, resilient, sustainable, cost effective Legal Service with a public service ethos and an ability and ambition to grow.

3.11 By working together, the four partners will be able to make savings in excess of those achievable in isolation, whilst still delivering a good service to their Councils. The single Legal Service aims to achieve a total saving of 10% (approximately £1m) of net operating costs by 2019/20. Other aims are to create a resilient, flexible, single Legal Service with a critical mass of expertise and to provide a quality, cost-effective service for customers.

3.12 The Strategic Business Plan has been approved by the four Councils, and OPL launched on 4 April 2016. The implementation is a staged approach with a fully integrated service commencing with the property, contract and procurement areas of legal practice.

3.13 Alongside setting up this partnership, the team is developing a business case to create Orbis Public Law Ltd as a jointly owned Alternative Business Structure to enable the partnership to work for organisations beyond the core service provided to the four Councils.

3.14 A decision on the business case, including the impact of the Education White Paper, will be taken in 2016/17.

Income Generation

3.15 Over the last two years, ESCC has been progressively focusing on looking at ways of optimising the income that could be generated from adopting a commercial approach. Work has focused across four core areas: corporate initiatives, traditional fees and charges, potential commercial activity and culture.

3.16 The key activities include:

Corporate Initiatives

- Work has, to date, generated additional annual revenues of over £5.5m, primarily through corporate initiatives such as reviewing the Treasury Management policy, revision to the Council Tax reduction scheme and introduction of a Business Rate pooling arrangement delivered by the Borough and District Councils in East Sussex, the costs towards which ESCC have contributed.

Traditional Fees and Charges

- A fees and charges benchmarking exercise has been completed against other County Councils with similar population and geographical characteristics. Initial analysis indicates that ESCC is performing well in terms of generating income per head of population and that there are no new significant additional services for which ESCC could charge;

Other Commercial Activity

- ESCC has developed/refreshed a number of trading initiatives which will, over time, generate new income opportunities, including, Orbis/Orbis Public Law, Services to Schools and Buzz Active;
- A review of ESCC's property portfolio has been completed and a new investment strategy is being implemented which will maximise the financial returns that the assets can generate; and
- Commercial opportunities to optimise the income that can be generated from Council assets or activities are under regular review. This has included the investment in solar energy through Solar PV installations on corporate buildings which will generate £15,000 per year (or £300,000 over the initial 20 year investment period).
- Establishing a new advertising/sponsorship contract based on highways and property related assets;
- Advertising on the ESCC website; and
- Setting up a commercial software application to facilitate an on-line market place for conducting Community Transportation activity.

Culture

- A programme of activities is ongoing to ensure that the culture within ESCC continues to be commercial in terms of generating income for the organisation.

Strategic Property Asset Collaboration in East Sussex

3.17 Strategic Property Asset Collaboration in East Sussex (SPACES) is a programme of work between Local Authorities, emergency services, health services and the community and voluntary sector in East Sussex and Brighton & Hove. The programme was formed in 2011 as part of the East Sussex Strategic Partnership with the aim of facilitating co-location and collaboration on property based activity.

3.18 The programme aims to achieve £30m in capital receipts, £10m reduction in revenue costs and a 20% reduction in CO₂ emissions. To date, £1.1m of net benefit has been identified for ESCC.

3.19 43 outcomes have been delivered to date and around 20 co-location projects are in progress at any one time. Types of outcomes include land swap, additional service provision, joint procurement, space provision, joint disposal and co-location. There are also a number of workstreams looking to make changes across the county and city, such as setting up shared hot desk work spaces for all partner organisation staff and aligning customer services activity to benefit customers. Detail of outcomes and benefits are reported to Cabinet quarterly.

3.20 In the last year, the partnership submitted a successful bid to the third phase of One Public Estate, the central Government Estate Programme. There is an intention to submit a further bid for Phase 4 in due course. SPACES also received a certificate of excellence from the Improvement & Efficiency Social Enterprise (IESE).

3.21 The programme continues to evolve through identifying both strategic and tactical opportunities for collaboration between the partners.

Health and Social Care Integration

3.22 There is a growth in the number of older people in the county and the associated need for more care to help with increasingly complex conditions. ESCC is working with the Clinical Commissioning Groups (CCGs) across the county to try to improve the way that health and social care works together to improve outcomes for residents. East Sussex Better Together is a transformation partnership between East Sussex County Council, Eastbourne, Hailsham and Seaford CCG and Hastings & Rother CCG. High Weald Lewes Havens (HWLH) CCG is developing a partnership called "Connecting For You" to co-ordinate the plans of the CCG and ESCC with partners and stakeholders to implement the NHS Five Year Forward View and to ensure high quality, sustainable services into the future that best meet the population needs of HWLH.

East Sussex Better Together

3.23 East Sussex Better Together (ESBT) aims to develop a fully integrated health and social care system in East Sussex by 2018, ensuring every person enjoys proactive, joined-up care and support that enables them to live as independently as possible. Good progress has been made to develop the overall vision, pathways and redesign in the following areas:

- A model of care has been developed describing the services and support required throughout the whole cycle of a person's care and support – from prevention through to bedded care, mental and physical health, primary and secondary services.
- Health and Social Care Connect – a new phone and triage service to help people receive care and support faster and ensure professionals refer people to the right services at the right time was launched in the spring of 2016.
- From May 2016 there has been a Single Point of Advice for families that need targeted early help services. This will provide a single gateway for referrals of children to both social care and early help and a formal link to Child and Adolescent Mental Health Services (CAMHS) will be developed. Referrals which need social care intervention will be forwarded to one of the two Multi-Agency Safeguarding Hubs (MASH).
- A new integrated delivery model has been introduced for children aged 0-5 bringing together Children's Centre Services and Health Visiting. Key community services for children and young people have been largely configured from April 2016 to match the geographical localities adopted for ESBT Integrated Locality Teams for Adult Services; recognising the benefits of promoting synergy across Adult's and Children's Services. Services for children over 5 have been organised on a geographical basis and opportunities for greater synergies across the whole 0-19 age range will be explored.
- The East Sussex Local CAMHS Transformation Plan was approved in November 2015 which will provide an additional £1m funding for children's mental health (approximately a 20% increase in investment). Key elements of the plan include:

- additional speciality capacity in Accident & Emergencies when young people present in crisis;
- more Primary Mental Health Workers to support young people and families whose needs can be met at a lower level without speciality clinical services;
- work with schools to strengthen their ability to help children and young people with lower level mental health problems; and
- enhanced services for women with post-natal depression, recognising the significant impact this has on infant mental health.
- A review of Children's Integrated Therapy Service has been undertaken which brings together physiotherapy, occupational therapy and speech and language therapy for children and young people across the county. It is jointly commissioned by ESCC and CCGs. The outcomes of the review will feed into future commissioning planning.
- Work is taking place with CCG colleagues to move towards a single Designated Medical Officer (DMO) role. This role will provide strategic, clinical oversight of services for children and young people with SEND.
- The ESCC SEND Joint Commissioning Team has been engaged in the Start Well, Live Well, Age Well element of ESBT, to ensure families' needs are included.
- A new pathway plan has been developed to support young people aged 16-25 with their transition into adulthood and employment.
- A new urgent care service model has been designed to provide urgent care hubs in emergency departments and extend access to community-based seven-day urgent care services.
- Work is taking place with health and social care providers to embed "prevention" into the care pathway, for example, through rolling out Making Every Contact Count (a conversational approach to improving lifestyles and reducing health inequalities through behavioural change). This will provide patients and clients with brief advice on the impact of lifestyle on health, and, where appropriate, referral on to relevant services.
- Locality Link Workers have been appointed to help shape the way that health and social care teams support their clients to access community services and support and to shape the support that is available in communities. Working alongside local voluntary and community organisations, they will be a key point of contact and ensure that community organisations and locality teams work well. Their role will be to identify the assets in local communities (buildings, people and key businesses) and make sure that locality staff are aware of them.

3.24 The progress made by ESBT is reported to the Health and Wellbeing Board and a joint Sub-Committee of the East Sussex Health, Overview and Scrutiny Committee (HOSC).

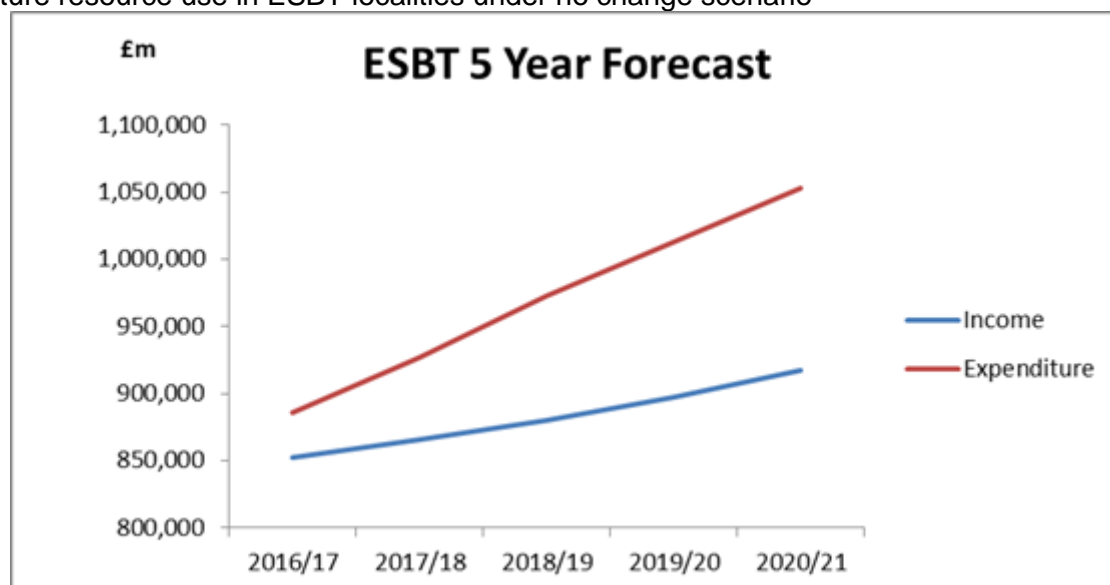
3.25 Work has also begun in the following areas:

- Working with communities to support them to identify, strengthen and grow the resources and capabilities that exist within them to maintain and improve their health and wellbeing. This forms part of the work on developing community resilience.
- Whole system approaches to primary prevention, self-care and self-management and assistive technology.
- Planned care – looking at the ways this can be streamlined for patients and clinicians, ensuring local people have choice and are able to make informed decisions about their care.
- Prescribing medicines – bringing together clinicians and pharmacists to develop ways of working with local patients to ensure they receive effective medicines as and when they need them.

3.26 There is likely to be a funding gap of £135m by 2020 in health and social care in the ESBT area. In order to help bridge this gap and create a fully integrated service quickly it will be necessary to integrate planning, funding and budget setting processes across health and

social care to enable care and support funding and provision to be aligned against a common set of outcomes. Experience nationally and internationally suggests that an Accountable Care model is the best way to achieve the improvements that are needed in the health of the population, the quality of the care they receive and the efficiency with which it is delivered.

Future resource use in ESBT localities under no change scenario



3.27 Accountable Care models incentivise the delivery of improved health outcomes and quality of care, whilst containing costs and improving efficiency. This is achieved by making a provider (or group of providers) jointly accountable for meeting a set of outcomes for a defined population over a period of time and for an agreed cost, through a contract with a commissioner.

3.28 The exact details of how the model would be structured, the services that would be in scope, and the financial commitment and risk involved are being developed and will be detailed in the business case which will be considered by Cabinet in autumn 2016. Cabinet agreed the core principles and characteristics of an Accountable Care model for East Sussex at its meeting on 24 May 2016. This framework will be used to evaluate the options for an Accountable Care model during the development of the business case.

3.29 A wide range of stakeholders will be engaged in discussions as the Accountable Care model is developed to help ensure that there is a consensus on the principles and characteristics needed locally. Officers from East Sussex Healthcare Trust, Sussex Partnership Trust, the Local Medical Committee and Healthwatch are all participating in early discussions, with the wider endorsement of the Health and Wellbeing Board.

3.30 It is anticipated that a test phase year for an Accountable Care model will take place in 2017/18. A number of key steps need to be completed in advance of that year:

- Designing and developing a single planning and commissioning process across the ESBT health and social care economy. To support this, a Strategic Investment Plan is being developed which will enable collective decision-making about the best use of the £850m which will be available in 2016/17 (recognising the funding gap arising from pressures in the system of £50m). This will set out how ESBT will shift existing investments away from institutional to community-based care within overall resources.
- Work has begun on locality planning and commissioning arrangements to support the Integrated Locality Teams. Engagement events have been held with communities and

key stakeholders to inform how those teams can best support the needs within specific communities. As a part of this, consideration is being given to options for the way the Voluntary and Community Sector is funded as providers of care, support and wellbeing in community settings, building on the Commissioning Grants Prospectus process that has been used for the last four years.

3.31 The 2016/17 Better Care Fund (BCF) for East Sussex is £43.5m, allocated to support:

- Protecting Adult Social Care services that benefit health services: £9.7m
- Disabled Facilities Grants to Borough and District Councils: £5.6m
- Care Act implementation: £1.5m
- Supporting and developing Carers' Services: £4.7m
- Maintaining reablement services: £2.2m
- Funding the development of health and social care services: £19.8m (including a focus on commissioning out of hospital services: £10.9m)

3.32 The 2016/17 BCF will be delivered via two Section 75 pooled budgets, with resources allocated:

- ESCC/ESBT: £31.2m
- ESCC/HWLH: £12.3m

3.33 For subsequent years, the BCF allocation for East Sussex is £0.3m in 2017/18, £7.8m in 2018/19 and £14.9m in 2019/20. As the BCF is to be used for investment in social care services, it is not included in the MTFP.

Highways Contract

3.34 In December 2015, Cabinet approved the award of a new highway maintenance contract to the joint venture organisation Costain Ch2m. The new, seven-year contract commenced on 1st May 2016, replacing the previous arrangements with Kier, Colas and Siemens. The new provider will be responsible for maintaining the East Sussex highway network, including roads, pavements, gullies and ditches, streetlights, traffic lights, highway bridges and structures, as well as winter gritting. The provider will also deliver local transport and highway improvement schemes.

3.35 The joint venture has a long-standing and successful relationship that includes over seven years working together on several of Highways England contracts in the north and east of England. In addition to the ESCC contract, Costain Ch2m has also recently won the Highways England contract for Kent, East and West Sussex and part of Surrey, managing the motorway and trunk road network, bringing joint working/shared facilities opportunities.

3.36 Approximately 200 staff joined Costain Ch2m from ESCC, Kier, Colas and Siemens, including 85 highways staff from ESCC. The new highways service will be managed by a new, smaller ESCC client comprising four teams: Asset Management, Service Development, Contract and Commercial Management and Performance and Compliance. The role of the team will be to ensure that Costain Ch2m delivers to the contract specification and achieves the County Council's desired outcomes. The new contract is outcome based and customer focused; containing specific standards and performance measures that will be published to ensure the new joint venture delivers the required outcomes. The service on the ground will look very similar – pot holes will continue to be filled and grass verges will be cut but the new contract will enable it to be done in a more cost effective and efficient way.

3.37 The new highway maintenance contract is designed around the principles of asset management, promoting a business-like way to highway maintenance, and prioritising maintenance based on need. It builds upon the work that the Highways Service has done in

recent years to improve the condition of the county's roads, to make better use of resources and to deliver efficient and effective highway maintenance.

3.38 The new contractor is committed to delivering better and more consistent communications with local residents and Borough, Parish and Town Councils, providing accurate information and publishing maintenance programmes. Costain Ch2m is introducing much improved systems and information technology, including a new website, ensuring Councillors, local Councils and residents can readily access information that will provide an up to date and detailed picture of what is taking place, where and why.

Economic Development

3.39 Government has re-confirmed its commitment to Local Enterprise Partnerships (LEPs) as the key vehicles for delivering growth and to the LEP boundaries currently in place. A number of the constituent members of the South East LEP (SELEP) have expressed a dissatisfaction with the current geographic footprint of SELEP and Rt Hon Greg Clark MP, Secretary of State for Communities and Local Government, has indicated that any change to LEP boundaries would need to be by consensus and that an emphasis would be placed on the views of businesses. Work continues with SELEP and Team East Sussex to secure funding to deliver economic development projects for the county.

3.40 In April 2016, Government announced the third round of Local Growth funding (LGF) for LEPs, and, through Team East Sussex, ESCC is developing and prioritising a range of projects which will seek to secure funding. This will be in addition to funding secured in the initial LGF rounds for:

- North Bexhill Access Road;
- Queensway Gateway Road;
- Newhaven Flood Defences;
- A22/A27 Junction Improvements;
- Sovereign Harbour site infrastructure;
- Swallow Business Park; and
- North Bexhill site infrastructure.

3.41 The work of Skills East Sussex has begun in earnest, bringing together businesses and education providers in order to help ensure that young people in the county are better equipped with the skills that business need both currently and in the future. Work is being carried out to assess the skills "supply" in East Sussex and any gaps in provision in the key growth areas in the community. Detailed work has been carried out on a number of the strong and growing sectors in East Sussex, and funding has also been secured to recruit School Enterprise Advisors who are working directly with schools to identify initiatives and opportunities for employer engagement in school careers activities.

3.42 Funding has been secured through SELEP for the East Sussex Growth Hub (Business East Sussex) for 2016/17 and 2017/18 which equates to £113,000 per year in addition to the South East England Development Agency "legacy" funding of around £112,000 which is also allocated for business support activity, to top-up and expand the delivery of the current service.

3.43 Work continues on the delivery of the superfast broadband programme for East Sussex, and, as the first contract with BT has been completed, the second contract commences. The project is one of 44 across the UK, all of whom signed contracts with BT for the delivery of Next Generation Access infrastructure, and the East Sussex project will mean that by 2016, alongside existing commercial broadband rollout plans:

- 96% of all properties in the county will have access to superfast broadband of at least 24 megabits per second (Mbps); and

- Every property in East Sussex will have a basic broadband offering of at least 2mbps.

3.44 The second contract has recently commenced, and will cover an additional 5,000 premises, and take up of fibre broadband is currently running at 25.6% against the national target benchmark for all projects of 20%.

3.45 The East Sussex Invest (ESI) programme continues to inject £1.3m of capital annually into generating business growth and job creation through the provision of grants and loans to businesses. The money can be used for one-off capital projects, such as upgrading or extending premises, buying new equipment or machinery or developing software. The previous and current rounds of ESI have supported 169 businesses, creating 736 new jobs with an investment of £4.975m that has levered in £21m of match funding from local businesses.

3.46 The Catalysing Stalled Sites (CaSS) capital fund has been employed to positive effect, with a number of funding awards to develop pipeline projects to secure LGF, and work is also taking place with a wide range of partners to develop bids to secure European funding as and when the "call for projects" is issued by Government. This includes the development of a pan-SELEP bid to effectively double the level of funding afforded to inward investment services. The contract for inward investment service (known as Locate East Sussex) has recently been extended and, if the bid is successful, a new, enhanced service will be tendered.

Draft Countryside Access Strategic Commissioning Strategy

3.47 The draft Countryside Access Strategic Commissioning Strategy sets out how the County Council proposes to secure the best outcomes for East Sussex residents for the future management of the rights of way network and countryside sites, through its understanding of need, matching supply with need, and making the most effective use of all available resources. Two broad models are proposed in the Strategy:

- A recommendation that the maintenance of the public rights of way network is managed in-house. This includes the maintenance, enforcement and legal record keeping activities associated with public rights of way. In a small number of areas, modifications that may benefit how the Council will meet need and make best use of its resources have been identified. These include how ESCC prioritises Public Health objectives, communicates and works with those developing new paths and the delivery of the volunteer service.
- A recommendation to change the way countryside sites are managed. It is proposed that, by changing how the sites are managed, there may be an improvement in the way need is met. By working to change how the sites are managed by engaging partners experienced in the management of countryside sites, community involvement, conservation and visitor engagement, it is hoped that there will be improvements in what each of the sites has to offer across all three areas of health and wellbeing, conservation and sustainable economy.

3.48 Public consultation on the draft Strategy began on 6 May 2016. The results of the consultation will be presented to Cabinet later this year.

Libraries Strategic Commissioning Strategy

3.49 In December 2015, Cabinet approved work on the Libraries Transformation Programme, one element of which is the creation of a Strategic Commissioning Strategy to consider all aspects of the Library and Information Service. The outcome of this Strategy will determine the future nature and configuration of the library service in East Sussex.

3.50 The Strategy will be based on a robust assessment of the needs of residents of the county as a whole and within specific communities, and the development of the draft Strategy will be guided by priority outcomes informed by the needs assessment. In addition,

it will enable the development of a strategy which will outline what is required in future and how this can be delivered. A focus on priority outcomes will enable the development of a modern, sustainable library service while making the best use of all available resources.

3.51 The needs assessment is being undertaken along with a wider research programme that includes a review of the current Library Service provision, the property portfolio and accessibility to the service, traded services, use of volunteers, income and funding opportunities, legislation and innovation and good practice.

3.52 It is proposed that the draft Strategy will be presented to Cabinet in mid-2017 and, subject to agreement, publicly consulted on before being finalised and implemented.

4. Financial Outlook

Background

4.1 The current Medium Term Financial Plan (MTFP) was agreed at County Council on 9 February 2016. As referenced above, there are a number of areas on which the Government is still consulting and considering and, further detail will be made available over the coming months. Most significantly, these include the four year funding offer (the implication of which remains unclear), the implementation of an Accountable Care Model and the 100% business rate retention. Until the detail of the consultation outcomes is known and there is clarity on what the four year deal offers, there will remain considerable uncertainty about the level of resources available for future years. In addition, within ASC significant savings are reliant on the Accountable Care Model being delivered.

4.2 The latest projections detailed in Figure 1 below show a deficit of £5m over the three year MTFP period and £29.5m by 2020/21. This is within the context of a very uncertain financial outlook and in addition to savings of £64m which have already been planned. Therefore, the total savings requirement for the three year MTFP remains close to the £70m to £90m range as previously identified. The Council will need to continue its dialogue with the CCGs throughout the summer to agree the mechanism for identifying the cash envelope for ESBT and Connecting For You. Work will also be taking place on a number of key cost drivers, including inflation assumptions and Council Tax.

MTFP Update – Local Changes

4.3 There are a number of key areas that have been updated. In addition to DSG and ESG extra pressures noted above (paras 2.41 – 2.46), they are as follows:

MTFP period

4.4 The MTFP has been extended to 2020/21 to match the NHS 3+2 model in preparation for an integrated budget. The first three years of the MTFP are being used to indicate what level of savings need to be firmly planned for; the last two years are more indicative and should be viewed as showing a direction of travel for the County Council. The Spending Review confirmed NHS budgets for 2016/17 to 2018/19 and provided indicative budgets for 2019/20 and 2020/21.

Adult Social Care Precept

4.5 The ASC precepts for 2017/18 and 2018/19 were not included in the previous MTFP as the pressures for those years needed to be re-assessed. ASC pressures have now been reviewed and provision has now been included in the MTFP for the ASC precept at 2% for 2017/18 to 2019/20; although expected pressures are in excess of this.

Adult Social Care Growth and Demography

4.6 Using updated population data, the impact of demographic change across 5 year age bands for the total projected adult population in East Sussex has been assessed. A pressure of £3.3m per annum arises for 2017/18 and 2018/19, rising to £3.4m in 2019/20

and £3.5m in 2020/21. In addition, the demand and cost of services arising from changing needs and the impact of legislative changes (Care Act), is projected to add further costs of £1.8m per annum to 2020/21. There may be a small element of double counting between what is service growth and demographic change, however, the underlying trend is upwards for the foreseeable future.

Care Act

4.7 Government has postponed the implementation of the Care Act to post-2020. This is not within the lifetime of the first three years of the MTFP but impacts on the latter two indicative years and will need to be considered. Very early estimates, now a year old, indicated an impact ranging from low risk of £2.5m, to medium risk of £10.6m, to high risk of £21.3m, but there are many unknowns at this time and the estimates will need to be reviewed based on current data.

Collection Fund surplus/Council Tax base

4.8 The Council Tax base has been increased by 1.5% per annum as in the February Budget and Council Tax report. This is higher than the Borough and District Councils' data, which is of course, prudently based. However, the last two years have seen a Collection Fund surplus significantly in excess of £4m per annum, so an increase of the ESCC estimate from £1m to £2m is considered prudent. The final outturn position for 2015/16 for all Borough and District Councils is still to be collated and work will continue to determine as realistic a picture of likely surpluses and/or an adjustment to Council Tax base forecasts.

Funding the Capital Programme

4.9 It has been assumed that there will be an annual contribution from the Revenue Budget of £6m and that any proceeds from the New Homes Bonus will be used to fund the Capital Programme. In addition, an annual provision has been made of £1m from 2018/19, increasing by £1m each year thereafter to support the requirement to borrow to fund the Capital Programme 2018-2023. Work is ongoing to clarify this requirement.

Treasury Management

4.10 As indicated in the Treasury Management Statement, options are being developed in relation to the Minimum Revenue Provision (to be completed by late summer 2016).

Pensions

4.11 The triennial review of the pension fund will be completed in September/October 2016. It is very likely that the Council will need to increase its contributions and a prudent additional annual 1% increase has been assumed for 2017/18 to 202/21. The outcomes of the valuation will be known in the autumn.

Savings

4.12 The table below sets out the existing savings plans by department:

Department	2016/17	2017/18	2018/19	Total
	£'000			
Adult Social Care	7,955	10,093	20,000	38,048
Business Services/Orbis	312	981	1,396	2,689
Children's Services (excl. schools)	4,985	3,175	4,972	13,132
Communities, Economy & Transport	3,117	999	894	5,010
Governance Services	180	100	104	384
Subtotal Departments	16,549	15,348	27,366	59,263
Treasury Management	3,000			3,000
Capital Programme Management		2,000		2,000
Subtotal Centrally Held Budgets	3,000	2,000	0	5,000
TOTAL SAVINGS	19,549	17,348	27,366	64,263

Over two thirds of the savings in years two and three are within ASC budgets and are largely reliant on integration with Health.

General Contingency

4.13 The General Contingency has been increased in 2017/18 and 2018/19 to reflect the increase in ASC precept and Collection Fund surplus as it is set as a proportion of total corporate funding less Treasury Management.

Updated MTFP

4.14 The revised MTFP can be found at Figure 1 below. Allowing for the additional pressures identified in this report, the projected deficit by 2018/19 is £5m. Previous years' savings have been included in the 2016/17 base budget. The policy changes which were implemented during the year in ASC achieved their expected impact, but these cost reductions were more than offset by an increase in the numbers of people needing a service and the greater complexity of need for both new and existing clients. The Council has added to the base budget for ASC for 2016/17 to take account of this growth. New growth in demand will, however, bring similar issues in 2016/17, as referred to in the February 2016 RPPR Cabinet report. Dealing with this growth sustainably in the long-term is one of the key goals of the ESBT programme for full integration of health and social care. Work is underway within ASC and more widely in "Single Investment Planning" within ESBT to seek to address this pressure (the pressure of £6m was mitigated for 2015/16 through the Better Care Fund). Further detail is provided in the Quarter 4 report elsewhere on the agenda.

Departmental Pressures

4.15 Pressures are kept under constant review by departments. At this stage, all identified pressures have been mitigated apart from the ASC ongoing budget gap (for 2015/16 this was funded through the Better Care Fund). This was referred to in the February 2016 RPPR Cabinet report (paragraphs 3.11 to 3.12) and mitigations were identified depending on the scale of the pressure by year-end. Current best estimates are that the base budget pressure within ASC will be in the region of £7m; work is well underway within ASC and more widely in "Single Investment Planning" within ESBT to seek to address this pressure.

Reserves

4.16 Taking a One Council approach, reserves have been reviewed as part of the RPPR process. Departments have confirmed their anticipated profiled use of reserves over the MTFP period. The table below provides details of the projected usage and balances.

	Balance 01.04.16	Projected Net Usage 16/17- 18/19	Balance 31.03.19	Previous Estimated Balance 31.03.19
	£m	£m	£m	£m
Held on behalf of others or statutorily ring-fenced	34.7	(7.3)	27.4	24.4
Corporate Waste	12.8	0	12.8	12.8
2018-23 Capital Programme	24.2	(20.6)	3.6	20.9
Insurance Risk	6.6	(0.2)	6.4	6.4
Strategic Reserves	28.4	(19.1)	9.3	11.8
Total Reserves	106.7	(47.2)	59.5	76.3

4.17 The total reserves estimated in February 2016 to be held at 31.03.19 have decreased by £16.8m. There are several reasons for this:

- The main movement is for the use of the 2018-2023 Capital Programme reserve based on current estimated profiles of funding and expenditure.

- There is an increase in reserves held on behalf of others or statutorily ring-fenced due to a rise in school balances and an increase in the Public Health reserve, which can only be spent on Public Health purposes. However, currently, Public Health is finalising another round of bids for approximately £5.5m over the next three years, which is not included in the above figures as they are awaiting approval.
- Strategic reserves are estimated to decrease by a further £2.5m. Through review, departments have made a number of minor revisions to their profiled use of reserve, however, in the main this is the result of fully utilising the Orbis set-up reserve.
- The reserves policy provides that election costs are funded from Strategic Reserves, therefore an estimated £1m has been included for 2017/18.

Capital Programme 2013/14 to 2017/18

4.18 At February 2016, ESCC had a gross remaining Capital Programme of £363.4m which, after applying scheme specific income of £100.7m, resulted in a net programme to be financed of £262.8m.

4.19 This has now been updated for the 2015/16 year end position. The remaining Capital Programme for 2016 to 2018 is therefore £205.1m (gross), offset by £45.8m specific resources, resulting in a net budget of £159.3m.

4.20 Following year end, spending profiles within the programme have been updated and agreed with departments. The revised programme across financial years is shown in Figure 2 below.

4.21 The Council also holds a contingency of £8.7m (2.4% of gross expenditure). As agreed at County Council in February 2016, the contingency is held to manage a number of risks. These include inflationary pressures on constructions costs, uncertainty regarding delivery of projects, still unknown requirements and the uncertainty regarding the level of Government grants.

4.22 Work has been ongoing to update the Capital Programme, its profile across financial years and the available resources that support it. This work has identified a further £2.6m of available resources. The detail of which is set out in the table below:

	£m
The Baird School underspend	5.1
Other underspend (the Keep, Libraries and Solar)	0.1
Additional non ring fenced grants (DfT Incentive and BDUK)	0.1
New Core Need required within existing programme time scales for Ninfield and Frant	(1.6)
Pre-planning work	(1.1)
Reduction in Schools Condition grant allocation for 2016-17 <i>less matched reduction in Capital Building Improvements expenditure budget met by funding</i>	0
Reduction in LEP funding (moved to 2018-23 programme) <i>less matched reduction in LEP funded projects</i>	0
Reduction in Schools Delegated Capital grant <i>less matched reduction in Schools Delegated Capital grant expenditure budget</i>	0
Total	2.6

4.23 A £5.1m underspend has been identified against current core need as the need provided by the Baird School has not materialised. In addition, there is a further underspend on other projects of £0.1m, as well as an additional £0.1m grant provided to support

Broadband and core highways need already in the programme. A total of £5.3m newly identified available resource.

4.24 Since February, a number of scheme specific grants (providing a source of finance for equivalent spending) and net nil re-profiles have been confirmed. This includes increased grant towards Schools Delegated Capital and re-profiling of LEP funding between LEP schemes and across the remaining 2016-18 programme and the new 2018-2023 programme. These all have a net nil impact on the programme.

4.25 It is proposed that in the first instance, the newly available resources will be used to finance, in part, new core need identified within the existing programme and pre-planning work amounting to £2.7m and that the remaining £2.6m underspend is put towards the new Capital Programme.

4.26 The additional pre-planning work of £1.1m is early work for the secondary schools and special schools programme that will give greater cost and programme certainty. The intention is that early studies are undertaken that will allow the programme to be more accurate and hence avoid such large slippage. It will allow more certainty on the budgets allocated for each scheme and when work needs to be undertaken. In addition to this, further work will be undertaken to allow planning submissions to be made early in the 2018-2023 programme so that the school places that are required in 2019 and 2020 can be delivered.

4.27 The new schemes of £1.6m identified are Ninfield and Frant Church of England primary schools. Ninfield is required as the planning for the previously installed very old temporary classrooms cannot be renewed and the Parish Council will not renew the lease on the land these are built on. Frant is an increase of 35 places, needed for 2018 and hence the work needs to start as soon as possible to ensure delivery of these spaces.

4.28 Part of the current programme is funded by £78.2m borrowing, as last reported to County Council in February 2016. ESCC has a strategy of using unspent Treasury Management budget to fund the capital programme directly and reducing its borrowing to provide savings. Further savings from postponing the requirement to secure external borrowing with the effect of delaying the impact of debt servicing costs have reduced this to £74.2m. At this point it is not proposed to finance the contingency, so the borrowing is reduced by a further £8.7m to £65.5m.

Financial Conclusions

4.29 The Council remains on track to meet the existing MTFP savings. However, there are considerable uncertainties attached to the MTFP projections and, in reality, the figures could change. Significant unknowns include:

- Risks relating to the establishment of the Accountable Care Organisation (ACO) and the arrangement with High Weald Lewes Havens which poses a risk to achieving savings. However, the ACO offers the possibility of a significant transformation in terms of service outcomes and finance, so not continuing to achieve this would also be a risk;
- The impact of the implementation of 100% business rates retention is unclear;
- The indicative position for the last two years of the MTFP shows that, in the longer term, even after Revenue Support Grant reductions have ceased, work will be needed to fund pressures as well as pensions, pay awards and inflation. It is unclear how any increases above a modest level of inflation will be funded until the issues relating to the devolution of business rates are resolved, especially as the ASC precept currently only covers four years; and
- ESCC will have to consider how to manage this financial risk and volatility in the longer-term and be mindful of holding appropriate contingencies.

4.30 It is not recommended, at this stage, that further savings are sought to meet the funding gap given the significant unknowns. Focused work will continue over the summer on a number of aspects of the MTFP and Members will be updated in September 2016. At that point there will be more information available so that Members can consider the level of future additional savings necessary.

Medium Term Financial Projections

	16/17 Estimate £million	17/18 Estimate £million	18/19 Estimate £million
CORPORATE FUNDING			
Business Rates	(71.400)	(73.493)	(75.823)
Revenue Support Grant	(45.107)	(26.727)	(14.966)
Council Tax	(242.566)	(253.183)	(267.124)
Council Tax - Adult Social Care Precept	(4.657)	(4.926)	(5.199)
Transition Grant	(2.704)	(2.696)	
New Homes Bonus	(2.878)	(2.894)	(1.818)
TOTAL CORPORATE FUNDING	(369.312)	(363.919)	(364.930)
PLANNED EXPENDITURE			
Net Service Expenditure	311.234	318.341	325.794
Pay Award/Inflation/National Living Wage	11.714	10.782	15.929
NI - Abolition of Contracted Out	2.500		
Adult Social Care Growth & Demography	6.086	5.119	5.137
Extension of Foster Care to 21	1.700	0.900	0.700
Waste Contract	0.792		
Dedicated Schools Grant		3.000	
Education Services Grant	0.664	4.400	
Apprenticeship Levy		0.600	
Additional capacity at Residential Children's Homes	0.200		
Savings	(16.549)	(17.348)	(27.366)
NET SERVICE EXPENDITURE	318.341	325.794	320.194
Treasury Management	27.566	27.566	28.566
Funding Capital Programme - base contribution	6.000	6.000	6.000
Funding Capital Programme - New Homes Bonus	2.878	2.894	1.818
General Contingency	3.390	3.360	3.360
Contribution to balances and reserves	4.097	(2.801)	0.648
Pensions	6.299	7.429	8.559
Levies	0.441	0.450	0.459
Contribution to Collection & Hardship (Districts & Boroughs)	0.300	0.300	0.300
TOTAL CORPORATE EXPENDITURE	50.971	45.198	49.710
TOTAL PLANNED EXPENDITURE	369.312	370.992	369.904
DEFICIT/(SURPLUS)	0.000	7.073	4.974

NOT INCLUDED IN FIGURES ABOVE

Better Care Fund

(0.286) (7.814)

Care Act (shown at medium risk for 2020/21)

(14.902) (14.902)

(Full range - low risk £2.5m; medium risk £10.6m; high risk £21.3m)

10.577

	16/17 Estimate £million	17/18 Estimate £million	18/19 Estimate £million
Council 9th February 2016	0.000	4.142	5.523
Adult Social Care Precept		(4.926)	(10.125)
Council Tax Base & 1.99% re ASC precept			(0.173)
Additional Collection Fund surplus		(1.000)	(1.000)
Additional Adult Social Care Growth & Demography		1.367	2.219
Dedicated Schools Grant		3.000	3.000
Education Services Grant		4.400	4.400
Additional General Contingency		0.090	0.130
Capital Programme 2018-23 Borrowing			1.000
DEFICIT/(SURPLUS)	0.000	7.073	4.974

FIGURE 1

19/20 Estimate £million	20/21 Estimate £million
(78.233)	(79.798)
(3.491)	
(281.838)	(297.369)
(5.488)	
(1.749)	(1.700)
(370.799)	(378.867)
320.194	337.025
11.661	12.065
5.170	5.304
337.025	354.394
29.566	30.566
6.000	6.000
1.749	1.700
3.410	3.480
0.648	0.648
9.689	10.819
0.468	0.477
0.300	0.300
51.830	53.990
388.855	408.384
18.056	29.517

Figure 2

CAPITAL PROGRAMME 2016-17 - SOC POSITION	Total Budget £'000	Updated Previous £'000	16/17 Updated £'000	17/18 Current £'000	Total Remaining £'000
Adult Social Care					
Older People's Service Improvements (formerly Opportunities)	536	400	136		136
Greenwood, Bexhill-on-Sea	463	424	39		39
Extension to Warwick House	7,331	7,212	119		119
Social Care Information System	4,258	4,127	131		131
LD Service Opportunities	5,107	1,413	3,194	500	3,694
<i>PSS Grant - 94189</i>	<i>(1,900)</i>	<i>(848)</i>	<i>(1,052)</i>		<i>(1,052)</i>
Refurbishment of Facilities to meet Care Quality Commission Standards	374	347	27		27
House Adaptations	3,332	2,579	486	267	753
	21,401 <i>(1,900)</i> 19,501	16,502 <i>(848)</i> 15,654	4,132 <i>(1,052)</i> 3,080	767 767	4,899 <i>(1,052)</i> 3,847
Business Services					
Core Back Office Services	1,470	847	623		623
The Link	2,718	2,649	69		69
SALIX Contract	2,644	2,264	380		380
<i>SALIX Grant - 94106</i>	<i>(2,085)</i>	<i>(1,705)</i>	<i>(380)</i>		<i>(380)</i>
Property Agile Works	9,029	5,790	3,239		3,239
Core Programme - Capital Building Improvements	40,898	22,251	9,048	9,599	18,647
Core Programme - ICT Strategy Implementation	11,039	7,879	2,050	1,110	3,160
	67,798 <i>(2,085)</i> 65,713	41,680 <i>(1,705)</i> 39,975	15,409 <i>(380)</i> 15,029	10,709 10,709	26,118 <i>(380)</i> 25,738
Children's Services					
ASDC 2012/13	497	484	13		13
Mobile Replacement Programme	8,059	7,909	150		150
Family Contact	346	308	38		38
House Adaptations for Disabled Children's Carers Homes	1,255	870	294	91	385
Universal Infant Free School Meals	1,961	1,272	689		689
<i>Free School Meals Grant - 94194</i>	<i>(1,961)</i>	<i>(1,272)</i>	<i>(689)</i>		<i>(689)</i>
Early Years 2yr Old Grant	3,031	2,774	257		257
Schools Delegated Capital	5,828	4,900	928		928
<i>Grant - 94977</i>	<i>(5,828)</i>	<i>(4,900)</i>	<i>(928)</i>		<i>(928)</i>
Core Programme - Schools Basic Need	85,432	54,299	19,998	11,135	31,133
	106,409 <i>(7,789)</i> 98,620	72,816 <i>(6,172)</i> 66,644	22,367 <i>(1,617)</i> 20,750	11,226 11,226	33,593 <i>(1,617)</i> 31,976
Communities, Economy & Transport					
New Archive and Record Office - "The Keep" - Phase 1 & 2	20,207	20,120	87		87
<i>Other Contributions - 94642</i>	<i>(6,958)</i>	<i>(6,948)</i>	<i>(10)</i>		<i>(10)</i>
Rye Library	87	31	56		56
<i>Section 106 - 94327</i>	<i>(35)</i>		<i>(35)</i>		<i>(35)</i>
Hastings Library	8,846	2,603	6,243		6,243
Newhaven Library	1,754	1,650	104		104
Southover Grange (formerly The Maltings)	1,200	156	1,044		1,044

CAPITAL PROGRAMME 2016-17 - SOC POSITION	Total Budget £'000	Updated Previous £'000	16/17 Updated £'000	17/18 Current £'000	Total Remaining £'000
Library Refurbishment	1,983	1,635	348		348
Newhaven Household Waste Recycling Site <i>DEFRA Waste Infrastructure Grant - 94105</i>	2,041 (2,041)	2,037 (2,037)	4 (4)		4 (4)
Travellers Site Bridges Tan	1,348	1,314	34		34
Broadband	25,600	17,297	8,303		8,303
Bexhill and Hastings Link Road <i>LEP Funding (SELEP)</i>	124,309 (1,586)	116,670 (1,586)	3,957 (1,537)	3,682	7,639 (1,537)
BHLR Complementary Measures	1,800	989	766	45	811
Reshaping Uckfield Town Centre <i>Section 106 - 94366</i>	2,500 (2,500)	963 (963)	1,537 (1,537)		1,537 (1,537)
Exeat Bridge Maintenance	500	33	467		467
Economic Growth & Strategic Infrastructure Programme					
Economic Intervention Fund <i>Recycled Loan Repayments</i>	7,945 (700)	3,034 (28)	1,403 (200)	3,508 (472)	4,911 (672)
Catalysing Stalled Sites	916		316	600	916
EDS Upgrading Empty Commercial Properties	500		250	250	500
EDS Incubation Units	1,500		500	1,000	1,500
North Bexhill Access Road <i>LEP Funding (SELEP)</i>	16,796 (16,600)	6,410 (6,410)	6,386 (6,190)	4,000 (4,000)	10,386 (10,190)
Queensway Gateway Road <i>LEP Funding (SELEP)</i>	6,000 (5,019)	1,419 (1,419)	4,581 (3,600)		4,581 (3,600)
Newhaven Flood Defences <i>LEP Funding (SELEP)</i>	1,500 (1,500)	300 (300)	800 (800)	400 (400)	1,200 (1,200)
Sovereign Harbour/Site Infrastructure <i>LEP Funding (SELEP)</i>	1,700 (1,700)	530 (530)	1,170 (1,170)		1,170 (1,170)
Swallow Business Park <i>LEP Funding (SELEP)</i>	1,400 (795)	505 (505)	895 (290)		895 (290)
Newhaven Port Access Road <i>LEP Funding</i>	23,219 (10,000)	270	5,205	17,744 (10,000)	22,949 (10,000)
Street Lighting Invest to Save	920	903	17		17
LSTF - ES Coastal Towns <i>External Contributions - Various</i>	2,467 (459)	2,097 (180)	370 (279)		370 (279)
LSTF - Travel Choices Lewes	1,196	1,194	2		2
Eastbourne and Hastings Light Reduction	3,704	3,695	9		9
Eastern Depot Development	1,586	196	1,390		1,390
Newhaven Swing Bridge	1,548	1,513	35		35
Waste Leachate Programme <i>DEFRA Waste Performance Grant - 94048</i> <i>DEFRA Waste Infrastructure Grant - 94105</i>	250 (159) (26)		250 (159) (26)		250 (159) (26)
Integrated Transport - LTP plus Externally Funded					
Hastings and Bexhill Junction Walking & Cycling Package	250			250	250
Eastbourne/South Wealden Walking & Cycling Package <i>LEP Funding (SELEP)</i> <i>Developer and Other Contributions - Various</i>	2,100 (1,850) (250)		750 (750)	1,350 (500) (250)	2,100 (1,250) (250)
Hastings and Bexhill Junction Improvement Package <i>LEP Funding (SELEP)</i>	1,893 (1,500)			1,893 (1,500)	1,893 (1,500)
Hailsham/Polegate/Eastbourne Sustainable Transport Corridor <i>LEP Funding (SELEP)</i> <i>Developer and Other Contributions - Various</i>	2,350 (2,100) (250)			2,350 (2,100) (250)	2,350 (2,100) (250)
Other Integrated Transport Schemes <i>Developer and Other Contributions - Various</i>	46,177 (19,883)	37,465 (15,426)	5,605 (2,507)	3,107 (1,950)	8,712 (4,457)

CAPITAL PROGRAMME 2016-17 - SOC POSITION	Total Budget £'000	Updated Previous £'000	16/17 Updated £'000	17/18 Current £'000	Total Remaining £'000
Speed Management	2,948	2,826	122		122
Terminus Road Improvements	6,250	470	5,275	505	5,780
<i>External Contributions - Various</i>	<i>(750)</i>		<i>(750)</i>		<i>(750)</i>
<i>LEP Funding (SELEP)</i>	<i>(3,000)</i>		<i>(2,495)</i>	<i>(505)</i>	<i>(3,000)</i>
Core Programme - Highways Structural Maintenance	103,038	66,483	18,538	18,017	36,555
Core Programme - Bridge Assessment Strengthening	16,860	14,546	1,134	1,180	2,314
Core Programme - Street Lighting - Life Expired Equipment	7,902	6,152	867	883	1,750
Core Programme - Rights of Way Surface Repairs and Bridge Replace	4,617	3,752	437	428	865
	459,707 <i>(79,661)</i> 380,046	319,258 <i>(36,932)</i> 282,326	79,257 <i>(20,802)</i> 58,455	61,192 <i>(21,927)</i> 39,265	140,449 <i>(42,729)</i> 97,720
Governance					
Case Management System/Committee Management System	115	83	32		32
ICT For Members	42		42		42
	157	83	74		74
	157	83	74		74
Total Gross	655,472	450,339	121,239	83,894	205,133
Scheme Specific Resource	(91,435)	(45,657)	(23,851)	(21,927)	(45,778)
Total Net	564,037	404,682	97,388	61,967	159,355

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Capital Programme Strategy 2018/19 to 2022/23

1. Background

1.1 During 2015/16, a high level Capital Programme management review was commissioned in recognition that firm targets need to be set to focus and shape the forward Capital Programme.

1.2 The current Capital Programme runs until 2017/18 and a new five year Capital Programme will be needed from 2018/19 to 2022/23.

1.3 At the February 2016 Cabinet meeting, Members were made aware of the requirement for a new Capital Programme and, at that time, the initial estimates of core needs identified a gross requirement of £414m and a net funding level of £202m, creating a funding gap of £212m.

1.4 Since this meeting, further detailed planning has taken place in order to identify ways to manage demands against the future Capital Programme in the context of significantly reduced funding sources and resources. The Council has focused on a strategy to deliver its future Capital Programme core need as efficiently as possible and, therefore, for a reduced investment. Where there are other service developments and needs that require capital investments (that are not identified as core need) they will either be match funded or would need to be the subject of a business case that demonstrates return and payback and have, therefore, not been included in the future Capital Programme at this stage.

1.5 The gross estimated costs for the core need have now been revised to £327m. The estimated level of funding against this programme is £234m, creating a funding gap of £92m. This is, however, within the context of a very uncertain financial outlook, largely in respect of Government grant funding for the core activity. Of the £234m estimate of funding, £143m relates to Government grants, of which, only £3m (2%) at this stage is confirmed.

1.6 In addition to the core need above, there are some additional needs that should also be considered which total £25m. Whilst these are not core need they do relate to core activity and should be considered in the context of overall Council priorities and resources in the context of the RPPR process. If approved in total, they would increase the gross costs of the future Capital Programme to £352m and the funding gap would increase to £117m.

1.7 This Appendix provides an updated position on the need for the core programmes and other known pressures including a high level estimate of potentially available funding for the future Capital Programme 2018/19 to 2022/23.

1.8 The areas of essential core need are:

- Schools Places (primary, secondary and special);
- Highways Structural Maintenance;
- Highways Bridge Strengthening;
- Highways Street Lighting;
- Highways Rights of Way and Bridge Replacement Programme;
- Property Building Maintenance;
- ICT Strategy; and
- Adults and Social Care Adaptations Programme.

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

1.10 Whilst each of the Capital Programmes represents core need, they support and align to the Council's priority outcomes.

2. Supporting information

2.1 Assumed grant funding of the programme is set at the level of funding that has been received in previous years and for schools basic need, the current formula has been applied.

2.2 It should be noted that this funding is **not** in the main confirmed. The grant funding shown in Table 1 has, therefore, been risk rated to highlight the risk level attributed to the receipt of that funding (of the £143m assumed only £3m [2%] is confirmed at this stage).

2.3 Capital receipts have been reviewed and best current estimates are included, this will remain under review and may be subject to change as the Council's Asset Management Plans are reviewed and developed.

2.4 For the purpose of planning, the revenue contributions to the Capital Programme have been assumed to continue at the current levels.

2.5 The Capital Programme reserve contributions include the £20.9m set aside from the Waste Reserve as approved at County Council in February 2016, a further £3.3m underspend from 2015/16 outturn and a further proposed £2.6m available from review of the current programme. Should there be a requirement for additional investment to create a property investment portfolio, this would need to be subject to a specific business case.

2.6 Currently, no Section 106, Community Infrastructure Levy or New Homes Bonus funding has been included in the programme. Work will continue to identify where these can support basic need and will therefore reduce the funding gap required to be supported by borrowing.

2.7 For each of the core need programmes, there are decisions to be made regarding the budget that will be allocated to each of these areas.

2.8 Each area of the core need programmes is set out below with a short narrative outlining the recommendation.

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

Highways Programme

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

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

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

county's roads. This funding level was provided for in the current Capital Programme and has been assumed, at this stage, for the term of the next Capital Programme 2018/19 to 2022/23.

2.13 There are some additional needs as shown in Table 1 that include funds the Transport & Environment Scrutiny Committee recommended in April 2016 for drainage improvements (this adds an additional £22.4m to the programme costs). Other requirements for additional investment in footways, crash barriers, signs and additional maintenance in bridges and structures reflect the emerging asset plans, the improved understanding of these asset types and the estimated shortfall in capital maintenance to adequately keep pace with their deterioration.

Schools Basic Need Programme

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

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

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

2.17 There are a limited number of primary school places needed but these are mostly for new housing and have some S106 funding.

2.18 There is significant pressure on special schools as the number of pupils with specialist needs is increasing. The provision of school places can be broken down into three programme areas primary, secondary and special schools.

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

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

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

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

ICT Strategy Programme

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

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

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

2.26 Items listed as "transformational" would help services achieve their objectives by investing in corporate tools with a wider organisational benefit. However, each of these items could be evidenced by individual business case, should the conditions dictate, therefore, it is suggested that the Capital Programme for ICT is the operation and system development items only as per Table 1.

Property Building Maintenance Programme

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

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

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

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

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

2.31 This allocation also enables close partnership working with the Borough and District Councils and access to Disabled Facilities Grants. As part of the development of the East Sussex Housing and Accommodation Strategy (including Borough and District Councils and Clinical Commissioning

Groups) there may be a requirement for additional capital investment, which will be supported by a full business case.

3. Conclusion

3.1 The recommendations are that all of the core need provision is funded as these relate to statutory or legislative requirements and are cost neutral to the Council or enable access to further funds. Table 1 highlights the current estimates of the core need programmes which will be further refined as part of the RPPR process and as further feasibility works are delivered.

3.2 The additional items should be considered within the affordability of the funding gap to the Council.

3.3 Items that are “invest to save” and are not included in the Capital Programme will be subject to individual business cases.

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Table 1 - Capital Programme

Asset Life	Area	2018/19 Estimated Spend £m	2019/20 Estimated Spend £m	2020/21 Estimated Spend £m	2021/12 Estimated Spend £m	2022/23 Estimated Spend £m	Total Estimated Spend £m	Notes
Yrs								
60	Primary Places	1.878	4.738	13.338	13.348	5.538	38.840	Includes notional spread of contingency primary £648K per annum.
60	Secondary Places	5.863	15.983	8.703	12.593	13.113	56.255	Includes notional spread of contingency secondary £1,022.8K per annum.
60	Special Places	3.000	7.000	10.000	5.000	0.000	25.000	Funding requirement for Special Schools is based on figures that have been superseded so will need to be reviewed and increased by circa £20m which will increase the funding gap.
	Total Schools Expenditure	10.741	27.721	32.041	30.941	18.651	120.095	
60	Property Building Essential Maintenance - Corporate							
	Backlog and Fees	3.405	4.229	1.983	2.663	2.716	14.997	Inflation at 2% as per average CPI 18/19.
	Carbon Reduction	0.500	0.510	0.520	0.531	0.541	2.602	Inflation at 2% as per average CPI 18/19.
	Risk/Compliance	0.250	0.255	0.260	0.265	0.271	1.301	Inflation at 2% as per average CPI 18/19.
60	Property Building Essential Maintenance - Schools	4.597	4.597	4.597	4.597	4.597	22.985	
	Total Property Expenditure	8.752	9.591	7.360	8.056	8.125	41.885	
20	Highways Maintenance							Inflation at 2% as per average CPI 18/19.
	Carriageways	15.000	15.300	15.606	15.918	16.236	78.060	
	Drainage	1.400	1.428	1.457	1.486	1.515	7.286	
	Footways	0.600	0.612	0.624	0.637	0.649	3.122	
	Preventative patching	1.250	1.275	1.301	1.327	1.353	6.506	
20	Bridge Structure	1.200	1.224	1.248	1.273	1.299	6.244	
20	Street Lighting	0.880	0.898	0.916	0.934	0.953	4.581	
20	Rights of Way	0.430	0.439	0.447	0.456	0.465	2.237	
20	Local Transport Improvements	2.919	2.919	2.919	2.919	2.919	14.595	
	Total Highways Expenditure	23.679	24.095	24.518	24.950	25.389	122.631	
5	ICT Strategy	3.700	3.983	2.300	2.305	2.550	14.838	No specific grant funding available. Inflation at 2% as per average CPI 18/19
	Total ICT Strategy Expenditure	3.700	3.983	2.300	2.305	2.550	14.838	
60	House Adaptions ASC	0.250	0.250	0.250	0.250	0.250	1.250	
60	House Adaptions CSD	0.100	0.100	0.100	0.100	0.100	0.500	
	Total House Adaptations Expenditure	0.350	0.350	0.350	0.350	0.350	1.750	
	LEP Funded Projects							
	A22/A27 Junction Improvement Package	0.000	2.500	2.000	0.000	0.000	4.500	
	Hastings and Bexhill Junction Walking and Cycling Package	2.000	2.000	2.000	0.000	0.000	6.000	
	Eastbourne Town Centre Movement and Access Package	0.000	1.000	2.000	0.000	0.000	3.000	
	Eastbourne/South Wealden Walking and Cycling Package	1.750	2.500	2.500	0.000	0.000	6.750	
	Hastings and Bexhill Junction Improvement Package	1.500	1.500	1.500	0.000	0.000	4.500	
	LEP Funded Projects Expenditure	5.250	9.500	10.000	0.000	0.000	24.750	
	Economic Intervention Fund	0.000	0.000	0.600	0.000	0.000	0.600	
	Economic Intervention Expenditure	0.000	0.000	0.600	0.000	0.000	0.600	
	Total Expenditure	52.472	75.240	77.169	66.602	55.065	326.549	

Additional Need:

Asset Life	Area	2018/19 Estimated Spend £m	2019/20 Estimated Spend £m	2020/21 Estimated Spend £m	2021/12 Estimated Spend £m	2022/23 Estimated Spend £m	Total Estimated Spend £m	Notes
Yrs								
5	ICT Strategy	0.865	0.898	0.474	0.337	0.337	2.910	Transform requirements.
20	Additional Highways need	4.300	4.386	4.474	4.563	4.654	22.377	Breakdown: £2.5m drainage repairs, £0.5m footway resurfacing, £0.5m crash barriers, £0.8m bridge maintenance.
	Total Additional Need Expenditure	5.165	5.284	4.948	4.900	4.991	25.287	

	Total Expenditure	57.637	80.524	82.117	71.502	60.057	351.836	
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Funding Available:

	Funding Type	2018/19 £m	2019/20 £m	2020/21 £m	2021/12 £m	2022/23 £m	Total £m	Notes
	Basic Need Funding	-2.674	-25.425	-20.803	0.000	-4.623	-53.525	Funding based on formula agreed by CSD 22.02.16. 18/19 allocation has since been annouced as £2.674m (total primary and secondary allocation).
	Schools Condition Grant Funding	-4.597	-4.597	-4.597	-4.597	-4.597	-22.985	Funding based on indicative DfE Schools Condition 17/18 grant allocation; subject to acadamisisation.
	Highways Grant Funding	-8.554	-8.554	-8.554	-8.554	-8.554	-42.770	Funding based on indicative 18/19 - 20/21 Highways grant allocation.
	Incentive Grant Funding	-1.782	-1.782	-1.782	-1.782	-1.782	-8.910	Funding based on achieving Incentive grant band 3.
	Integrated Transport Block Funding	-2.919	-2.919	-2.919	-2.919	-2.919	-14.595	Funding based on indicative 18/19 - 20/21 Highways grant allocation.
	Revenue Contributions	-6.000	-6.000	-6.000	-6.000	-6.000	-30.000	5 years of £6m allocation (MTFP 18/19 allocation); subject to affordability.
	Capital Receipts	0.000	0.000	0.000	-5.000	-4.500	-9.500	Figure under review.
	LEP Funding	-5.250	-9.000	-10.000	0.000	0.000	-24.250	
	Developer Contributions	0.000	-0.500	0.000	0.000	0.000	-0.500	
	Loan Repayments (EIF)	0.000	0.000	-0.600	0.000	0.000	-0.600	
	Capital Programme Reserve	-20.596	-6.204	0.000	0.000	0.000	-26.800	Transfer from Waste reserve £20.9m, plus £3.3m balance of centrally held budgets, plus £2.6m under spend from the current programme.
	Total Funding	-52.372	-64.981	-55.255	-28.852	-32.975	-234.435	

	Total Basic Need Expenditure	52.472	75.240	77.169	66.602	55.065	326.549	
	Total Funding	-52.372	-64.981	-55.255	-28.852	-32.975	-234.435	
	Total Basic Need Funding Gap	0.100	10.259	21.914	37.750	22.090	92.114	

	Total Basic + Additional need expenditure	57.637	80.524	82.117	71.502	60.057	351.836	
	Total Funding	-52.372	-64.981	-55.255	-28.852	-32.975	-234.435	
	Total Basic + Additional Need Funding Gap	5.265	15.543	26.862	42.650	27.082	117.401	

Notes:

Any invest to save based schemes are not included and would be on an individual business case format and funded by prudential borrowing.

S106 and CIL funding have not, as yet, been identified against projects but work is ongoing to do so. Once identified, this will, therefore, reduce the funding gap.

Economic Intervention Fund will be fully funded by loan repayments from 20/21. Until then the project will be funded from the existing capital programme.

Non Specific Grant RAG status:
R Estimated allocations
A Indicative allocations
G Confirmed allocations

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